

EXHIBIT 1

REDACTED, PUBLIC VERSION OF
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8

9 **UNITED STATES DISTRICT COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **OAKLAND DIVISION**
12

13 CISCO SYSTEMS, INC., a California
corporation, et al.,

14 Plaintiffs,

15 v.
16

17 ZAHID "DONNY" HASSAN SHEIKH, an
individual, et al.,

18 Defendants.

19 ADVANCED DIGITAL SOLUTIONS
20 INTERNATIONAL, INC., a California
corporation,

21 Third-Party Plaintiff,
22

23 v.
24

25 RAHI SYSTEMS, INC., a California
corporation, et al.,

26 Third-Party Defendants.
27
28

Case No. 4:18-cv-07602 YGR

**EXHIBIT 1 TO STIPULATION TO
UNSEAL PORTIONS OF DOCUMENTS
ATTACHED TO DECLARATIONS OF
ANDREW PARKHURST AND IAN BOYD
CONCERNING DEFENDANTS' MOTION
TO EXCLUDE EXPERT TESTIMONY OF
DANIEL LEVY AND GREG REGAN,
AND MOTION TO STRIKE EXPERT
REPORTS (DOCKET NOS. 134-1, 141-2);
AND PROPOSED ORDER**

**REDACTED, PUBLIC VERSION OF
DOCUMENT SOUGHT TO BE FILED
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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

CISCO SYSTEMS, INC., a California
corporation, and CISCO TECHNOLOGY,
INC., a California corporation,

Plaintiffs,

v.

ZAHID "DONNY" HASSAN SHEIKH, an
individual; et al.,

Defendants.

ADVANCED DIGITAL SOLUTIONS
INTERNATIONAL, INC., a California
corporation,

Third-Party Plaintiff,

v.

RAHI SYSTEMS, INC., a California
corporation; et al.,

Third-Party Defendants.

Case No. 4:18-CV-07602-YGR

**DECLARATION OF ANDREW
PARKHURST IN SUPPORT OF
DEFENDANTS' MOTION TO EXCLUDE
EXPERT TESTIMONY OF DANIEL
LEVY AND GREG REGAN, AND
MOTION TO STRIKE EXPERT
REPORTS**

Date: July 31, 2020
Time: 2:00 p.m.
Court: Courtroom 1, 4th Floor
Judge: The Hon. Yvonne Gonzalez Rogers

**REDACTED VERSION OF DOCUMENT
SOUGHT TO BE SEALED**

1 I, Andrew Parkhurst, declare:

2 1. I am an attorney at law duly licensed to practice before the United States District
3 Court for the Northern District of California and in all courts of the State of California. I am an
4 attorney with McManis Faulkner, counsel of record for Defendants, Advanced Digital Solutions
5 International, Inc., PureFutureTech, LLC, K&F Associates, LLC, Shahid Sheikh, Farhaad
6 Sheikh, and Kamran Sheikh (together “defendants”), in the above-captioned matter. I make this
7 declaration in support of Defendants’ Motion to Exclude Expert Testimony of Daniel Levy and
8 Greg Regan, and Motion to Strike Expert Reports; Memorandum of Points and Authorities. I
9 have personal knowledge of the facts stated herein and, if called as a witness, I could and would
10 competently testify thereto.

11 2. Attached hereto as **Exhibit A** is a true and correct copy of a document titled
12 “Memorandum on the Risk Scoring History and Evolution” authored by Mr. Tim Casto.

13 3. Attached hereto as **Exhibit B** is a true and correct copy of the expert report
14 authored by Dr. Daniel Levy.

15 4. Attached hereto as **Exhibit C** is a true and correct copy of the relevant portions of
16 the transcript from the deposition of Charles Williams on May 8, 2020.

17 5. Attached hereto as **Exhibit D** is a true and correct copy of the relevant portions of
18 the transcript from the deposition of Dr. Daniel Levy on May 6, 2020.

19 6. Attached hereto as **Exhibit E** is a true and correct copy of the expert report
20 authored by Mr. Greg Regan.

21 7. Attached hereto as **Exhibit F** is a true and correct copy of the relevant portions of
22 the transcript from the deposition of Mr. Sam Gupta on May 11, 2020.

23 8. Attached hereto as **Exhibit G** is a true and correct copy of the expert rebuttal
24 report authored by Dr. Russell Mangum III.

25 9. Attached hereto as **Exhibit H** is a true and correct copy of the relevant portions of
26 the transcript from the deposition of Mr. Greg Regan on May 7, 2020.

27 10. Attached hereto as **Exhibit I** is a true and correct copy a document marked Bates
28 Nos. CISCO00000758-763 and marked as Exhibit 4 in the deposition of Mr. Kenny Carter on

1 January 23, 2020.

2 11. Attached hereto as **Exhibit J** is a true and correct copy of the relevant portions of
3 the transcript from the deposition of Acer America Corporation (Ms. Anita Smith) on May 12,
4 2020.

5 12. Attached hereto as **Exhibit K** is a true and correct copy of the relevant portions of
6 the rough transcript from the deposition of E.W. Scripps Company (Mr. Paul Riccobene) on May
7 20, 2020.

8 13. Based on statements made by Sam Gupta, Cisco's expert deposed on May 11,
9 2020, defendants are aware that at least two reports prepared for Cisco found that products
10 associated with defendants were genuine. At Gupta's deposition, counsel for plaintiffs agreed to
11 produce those reports. As of the date of this motion, plaintiffs have not produced the documents.

12 I declare under penalty of perjury that the foregoing is true and correct.

13
14 DATED: May 29, 2020

McMANIS FAULKNER

15 /s/ Andrew Parkhurst
16 ANDREW PARKHURST

EXHIBIT A



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April 14, 2020

From: Tim Casto

Re: Memorandum on the Risk Scoring History and Evolution

I. Background

One of the main responsibilities for Cisco Brand Protection is to identify and stem the flow of counterfeit Cisco products. To make an authenticity determination on Cisco-branded products sold through non-authorized channels,¹ Brand Protection engineers must analyze specific attributes of the products through one of the following means: physical analysis, console readout analysis, or photographic analysis. Depending upon the product type under test, different attributes will need to be analyzed.

Given the challenges associated with getting information on products to conduct analysis (e.g., products sold to third-parties not connected with Cisco, products installed in active networks, the number of products may be too high to be administratively feasible, etc.), Brand Protection endeavored to create a methodology that helps identify products that have a higher risk of being counterfeit just based on the known data.

The risk analysis is done for the purpose of: 1) identifying products that have a higher likelihood of being counterfeit, so that investigative resources can focus on the products that are most likely to be counterfeit in customers' networks; 2) helping Cisco engineering focus resources on higher risk products, and 3) streamlining damages calculations for purposes of reducing litigation costs and improving the prospect of early settlement.

II. Rudimentary Risk Analysis related to Broker 1 in 2016

In 2016, Brand Protection applied a rudimentary test with a broker ("Broker 1") to calculate damages related to sales of counterfeit products that occurred in the three years prior. The factors considered were the following:

■ [REDACTED]

¹ When Cisco products are procured through Cisco authorized distribution channels, Cisco has a chain of sale that can be traced back to Cisco manufacturing.

[REDACTED]

[REDACTED] The test was intended to facilitate discussion about what calculations are appropriate, and reduce the burden on both Cisco and Broker 1 because it is not practical to access and inspect thousands of Cisco products located among numerous customers.

III. [REDACTED] Applied to Broker 2 Case - Early 2018

In 2018, Brand Protection further refined its risk factor analysis with another broker (“Broker 2”). [REDACTED]

[REDACTED] for short.

In this 2018 case, the [REDACTED] returned a “yes” or “no” result which was calculated using a formula in an Excel spreadsheet. At this stage, the results were not quantified or weighted because they were not tallied to create an overall risk score. In order to refine the scoring, Brand Protection considered other factors in combination with the [REDACTED] to determine the overall “risk” of the product being counterfeit:

- [REDACTED]
- [REDACTED]
- [REDACTED]

Thus, Brand Protection reviewed four factors as part of our analysis in the case of Broker 2: (1) [REDACTED]

² Cisco maintains detailed manufacturing records of every product it produces. [REDACTED]

[REDACTED] These products were excluded from the analysis as a precaution.

³ The date difference was filtered, and a high risk was attached to lower date differences, with the idea that it is reasonable to expect a genuine used part would decline in value over time and that a longer time period between Cisco’s original sale date and the broker’s sale date is more likely to predict a genuine but used product.

To illustrate the interplay of these factors, if a serial number associated with a known counterfeit product type is flagged in the [REDACTED] but the time indicates several years have passed from Cisco's original sale date, it is reasonable to expect a decrease in value and a decrease in the sale price. This provides a possible rational explanation for the [REDACTED] flag and therefore makes the item somewhat less likely to be counterfeit.

Conversely, if a serial number associated with a known counterfeit product type is flagged in the [REDACTED] and only a few weeks or months have passed from Cisco's original sale date, it further strengthens that it is not commercially reasonable for the broker to have purchased a genuine product for less than the price Cisco sold that serial number in that short period of time.

As with Broker 1, the use of the risk analysis assisted in streamlining the counterfeit analysis of a large number of products without the need to physically or virtually inspect those products, thereby facilitating predictive determinations that could be used by Cisco and the broker in early settlement discussions.

IV. Formalizing Risk Scoring Process – December 2018

In December 2018, Brand Protection created a standard risk scoring analysis methodology that could be used consistently across multiple cases. The first use of the standardized risk score was a case with Broker 3, wherein the formalized analysis weighted different factors based on the likelihood of each factor predicting counterfeit. We combined factors from the previous two cases, and added several new ones to make the analysis more precise. In total, Brand Protection assigned eight "risk factors" in the first version of the standardized Risk Scoring. In creating the various formulas and deciding upon the factors, Brand Protection took great care not to maximize the number of high-risk categorizations, but rather, tailored the factors to predict, as accurately as possible, the authenticity of the Unit Under Test.

These factors are listed and discussed below.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

V. First Modification of Risk Scoring Based on More Data and Actual Product Testing – May 2019

As Cisco received and analyzed more data from Broker 3, it discovered further anomalies in the rudimentary formulas that caused some products confirmed to be genuine (through photographic analysis) to result in “high-risk” risk scores. The anomalies primarily appeared to stem from formalistic discrepancies in how Cisco captures data in one-tier (from its Distributors) and two-tier (from its Resellers) transactions. Cisco collects data from each level of its authorized distribution chain, and is reflected in its internal databases as it is captured by the respective entity. Each tier contains specific information related to pricing and the parties involved but sometimes would overlap depending on the deal type and the way the products were sold.

For example, in a one-tier transaction, Cisco may sell products directly to an authorized partner or reseller who then sells directly to the end user. The sales data associated with that transaction is called Enterprise Resource Planning (“ERP”) data. This is the first layer of data.

However, the majority of Cisco products are sold through two-tier transactions, wherein Cisco first sells the products to Cisco authorized distributors, who then sell to authorized resellers, who eventually sell to an end customer. Cisco's authorized distributors maintain warehouses and can stock products directly. The sales data associated with the partner to end user in a two-tier transaction is called Point of Sale ("POS") data.

Some data associated with serial numbers that were sold in a two-tier transaction may overlap. [REDACTED]

[REDACTED] While this logic or order of precedence generally worked, there were instances where the POS data was incomplete. [REDACTED]

As an initial measure to account for these discrepancies, [REDACTED]

[REDACTED] This change was instituted in an effort to be more conservative in risk scoring and to minimize the chances of a genuine product being placed in medium or high-risk category.

As another precaution to avoid false positive returns in the [REDACTED] Brand Protection added a "buffer zone" to [REDACTED]

[REDACTED] it would not automatically trigger a positive result, but rather be given zero risks points. We made this modification with the belief that it is possible that such a product [REDACTED]

VI. Second Modification of Risk Scoring – January 2020

In January 2020, Cisco again made modifications to the Risk Scoring algorithm based upon further analysis of data received from other Brokers. The primary change was to simplify the [REDACTED] in a way that continued to minimize the chance of the test returning a “false positive.” Brand Protection also made some slight changes to the wording of some of the risk factors.

One change applied across all risk factors and the Risk Scoring document in general was to clarify that “Product ID” would be more consistently referred to as “PID”.

For [REDACTED] Brand Protection clarified that the test used fuzzy logic to compare whether [REDACTED]. To do so, Brand Protection clarified the formula as follows:

[REDACTED]

Brand Protection implemented this clarification to make the description consistent with the formula used, which already used fuzzy logic to [REDACTED]. Thus, this change was merely to reflect what we were already doing in the analysis.

Brand Protection also instituted a second substantive change to [REDACTED]. The new test was reflected as follows:

[REDACTED]

This change further reduced the risk of false positive results as taking [REDACTED] would shift the risk of false data to Cisco, rather than the Broker, and further simplify the logic formula, which was resulting in other Excel errors. Subsection (b) of [REDACTED] was not amended.

In [REDACTED] Brand Protection added language to clarify the that the analysis applies to the same product, as reflected below:

[REDACTED]

VII. Acknowledgment of Specific Anomalies that Cause an Overstatement or Understatement of Counterfeit Risk

Brand Protection acknowledges that this standardized risk scoring algorithm may still result in specific anomalies in the results depending upon variations in data input from Cisco and/or the brokers, but it continues to strive to refine and account for those anomalies.

Some of the instances in which Cisco has identified specific issues where risk scoring is not effective, or needs further analysis, are as follows:

I [REDACTED]

I [REDACTED]

I [REDACTED]

I [REDACTED]

[REDACTED]

Conversely, there are instances where the risk algorithm understates the risk that a particular product is counterfeit:

[REDACTED]

EXHIBIT B

EXPERT REPORT OF DANIEL S. LEVY, Ph.D.

April 17, 2020

(Revised May 1, 2020)

Privileged and Confidential

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1. Executive Summary

I have been retained by counsel for Cisco Systems, Inc. (CISCO) in the matter of *Cisco Systems, Inc v. Zahid”Donny” Hassan Sheikh et al* to review the performance and validity of a scoring system (risk-metric) that Cisco developed to distinguish between new, genuine Cisco products and counterfeit Cisco products sold by various resellers. Of particular interest is how the Cisco scoring system performs in distinguishing the new, genuine products from counterfeit products, which ADSI sold as new, genuine products.

I reviewed the performance of the Cisco risk-scoring metrics on these products sold by various resellers. The Cisco risk-metric scores products as “High Risk,” “Medium Risk,” or “Low Risk” of being counterfeit. I did so first by reviewing the logic and the accuracy of the criteria and weights that Cisco developed to determine whether an individual device had a high, medium, or low risk of being counterfeit. On various measures of internal consistency, discussed below, the Cisco calculations of the High, Medium, and Low risk were consistent and logical.

Within the Broker dataset, Cisco found that 81.4% of the devices predicted to be counterfeit based on Cisco's eight counterfeit detection metrics were counterfeit, based on photographic evidence. This 81.4% identification is estimated with a "95% confidence interval" between 76.0% at the low end and 86.0% at the upper end.¹ This means that there is about a 95% chance that the true counterfeit rate from this population sampled is between 76.0% and 86.0%. Of the products that Cisco verified to be genuine by physical inspection of the units, Cisco's risk-scoring metric classified 4.0%² as High Risk in this set of records.³

Second, I conducted a separate statistical analysis, a logit regression, based on the underlying criteria developed by Cisco and found that for switches determined by photographic inspection to be counterfeit, 80.4% were predicted to be more likely to be counterfeit.⁴ For switches determined by photographic inspection to be genuine, 1.5%⁵ were predicted to be more likely to be counterfeit by the logit analysis based on the underlying risk criteria developed by Cisco. This shows that the Cisco counterfeit detection metrics performs comparably to statistical methods used in similar statistically based categorical predictions within the sample on which the metrics were developed. Although overall, only 39% of those 555 switches in the population were counterfeit, Cisco's counterfeit detection metrics⁶ and method was good at identifying which of these units were counterfeit, yielding counterfeits more than 91% of the time when the Cisco counterfeit detection metrics show a high risk of counterfeit.⁷ I performed a similar statistical analysis for transceivers, as discussed further below.

Third, I reviewed Cisco's analysis of products that Cisco obtained from additional sources which were *not* used to develop Cisco's counterfeit risk scoring system. My review shows that the Cisco scoring system is reliable in detecting counterfeit switches, and identifies

¹ Cochran defines a confidence interval as follows: "The '99% confidence' figure implies that if the same sampling plan were used many times in a population, a confidence statement being made from each sample, about 99% of these statements would be correct and 1% wrong." William G. Cochran, *Sampling Techniques*, Third Edition (New York: Wiley & Sons, 1977), P.12.

² 95% confidence interval is 2.6% to 6.0%.

³ From "Combined Risk Score Results for Expert (4.15.20).xlsx", containing data originally from "2019 Broker Analysis 2020-04-13.xlsx".

⁴ 95% confidence interval is 74.4% to 85.5%.

⁵ 95% confidence interval is 0.5% to 3.4%.

⁶ In evaluating Cisco's risk scoring metric, units with missing data in the Cisco Net Price (POS) field were excluded. 37% of the switches with non-missing data were counterfeit.

⁷ 95% confidence interval is 85.5% to 95.5%.

few genuine switches as counterfeit, based on a sample of Cisco product on which the Cisco risk-scoring metric were *not* developed, which is often referred to as an “out of sample” test. I also used the alternative statistical model, logit, again to test how well the underlying components of the Cisco risk-scoring model identify the counterfeit switches and found that 75.5% of the products that were determined to be counterfeit were predicted to be the most likely to be counterfeit by the statistical model.⁸ Of the switches that were determined to be genuine only 2.9% were identified as among the more likely units to be counterfeit by the statistical model based on the components of Cisco’s risk-scoring metric in out of sample testing. I also performed similar statistical tests for transceivers, discussed below. Cisco’s counterfeit detection metrics and method was good at identifying which of the 37%⁹ of the switches were counterfeit, yielding counterfeits 94.1%¹⁰ of the time when the Cisco counterfeit detection metrics show a high risk of counterfeit.

2. Qualifications

I am the National Managing Director and a founder of Advanced Analytical Consulting Group, Inc. (“AACG”). I have a Ph.D. in Economics from The University of Chicago. I have published scholarly research, performed research for government agencies and provided testimony to Federal Commissions, State courts and Federal Courts. My curriculum vitae attached in Appendix 1.

My billing rate for this case is \$700 per hour. The rates of my staff assigned to this project, which worked at my direction and under my supervision, range from \$220 to \$550. Compensation for AACG is not contingent on the outcome of the proceedings.

3. Information Considered

My opinions are based upon the review and analysis of various documents and data provided to me in this matter (which are cited in the body of this report), academic references in footnotes, and my education and experience in research and consulting.

⁸ 95% confidence interval is 65.6% to 83.8%.

⁹ 37%, or 140 out of 383, of the switches with non-missing data were counterfeit when observations with a missing Cisco Net Price (POS) are excluded.

¹⁰ In the Broker dataset for switches with non-missing values of Cisco Net Price (POS), there are 136 units classified as “High Risk”. 128 of these, or 94.1%, were determined as counterfeit.

4. Cisco's Counterfeit Detection Metric

I evaluated Cisco's construction of eight measures that Cisco believes are predictive of counterfeit products and Cisco's total risk score developed from them. I received a file from Cisco that contained information about individual products which Cisco evaluated to determine whether they were genuine or counterfeit.¹¹ These records came from what I understand to be a "broker" of Cisco products. Some of the products evaluated were genuine, and some were counterfeit. The products obtained from this "Broker" data were used during Cisco's development of the Cisco risk-metric.¹²

Cisco developed a set of criteria to predict the likelihood that a given device, labeled as a Cisco product, is a genuine Cisco product. Early versions of the Cisco risk-metric were very similar to the one most recently developed based on some refinements implemented during the review of results on the Broker data. Since the time those refinements were made on the Broker data, the Cisco risk-metric has been stable. It is my understanding that Cisco risk-scored an additional sets of products based on the Cisco risk-scoring metric without further refinement to the risk-scoring metric. The additional set of data are contained in the same data file I received from Cisco and are indicated by the terms "Observed", "Warehouse", and "ADSI".¹³ It is my understanding that the additional data was not used in the development of the Cisco risk-metric.

Therefore, the performance of the Cisco risk-score on these three additional datasets are what economists and statisticians call an "out-of-sample" test because it was developed based on one set of data and tested and verified against the second set of data that is outside the original set.

Cisco developed the risk-score criteria based on Cisco's understanding of their products, the market for their products, and characteristics that indicate a counterfeited device.¹⁴ Cisco assigned numerical values to eight pieces of information about the device and its sale, producing a scale of the likelihood of counterfeit for an individual device.¹⁵ For instance, one of the eight criteria is the [REDACTED]

¹¹ From "Combined Risk Score Results for Expert (4.15.20).xlsx. The risk model is performed on and applied to only new products. Other products were not used in the Cisco risk-score development.

¹² "Combined Risk Score Results for Expert (4.15.20).xlsx".

¹³ "Combined Risk Score Results for Expert (4.15.20).xlsx".

¹⁴ Tim Casto, *Memorandum on the Risk Scoring History and Evolution*, April 14, 2020.

[REDACTED]
[REDACTED]
[REDACTED] Cisco gave higher scores to criteria that Cisco believed to be associated with greater risk of counterfeiting. Each component risk metric has only two values. However, those values differ across the risk metrics. [REDACTED]

[REDACTED] Cisco summed the scores for the eight individual criteria to create a total score for each individual device. Devices with a total score over 15 points, were classified as “High Risk” of being counterfeit. Devices that had a total score between 6 and 15 were classified as “Medium Risk”. Products with a total score of five or below were classified as “Low Risk”.

5. Validation of Cisco’s Risk-Scoring Metric

I analyzed Cisco’s risk-scoring metric in three ways. First, I test for calculation errors which would alter the values from intended. These errors could alter the construction of the eight underlying measures and the overall Cisco risk-scoring measure. Second, I test the probability that Cisco’s risk-scoring metric identifies photographically or physically determined counterfeits as High Risk (“True Positives”), and the probability it identifies photographically or physically determined genuines as High Risk (“False Positives”). It is my understanding that Cisco’s emphasis is to minimize the number of False Positives. Third, I use a standard statistical model regularly used to classify items into two groups, a “logit regression” as a check on how well Cisco’s risk-scoring metric separated units based on their authenticity (genuine versus counterfeit).

I used all of the three methods above on the out of sample dataset, containing observations which were not used in the development of the Cisco risk-scoring metric, performing what is known as out-of-sample tests of the Cisco risk-scoring metric and the logit model.

a. Check of Measure Construction

To the extent I can, I tested for calculation errors in the construction of the underlying test scores which contribute to the overall Cisco risk-scoring measure. Of the eight underlying

¹⁶ Tim Casto, *Memorandum on the Risk Scoring History and Evolution*, April 14, 2020. See Formalizing Risk Scoring Process – December 2018.

tests, I was able to check five of them.¹⁷ I also verified that the overall risk-score was the sum of the underlying eight measures and the risk category assigned accordingly was correct.

b. Check of Cisco's Risk-Score to Separate Counterfeit from Genuine

To determine the ability of Cisco's risk-scoring metric to detect counterfeit devices, I compared the results of the risk-scoring metric against verified determination of authenticity for individual units sold as new Cisco authentic products. I understand that Cisco obtained photographs of Cisco units from an unauthorized reseller (Broker dataset), physical evidence from authorized resellers in other matters, and from the customers of the reseller in this matter (ADSI), from which Cisco determined authenticity. The photographic determinations of authenticity of the units in the Broker data were used in fine-tuning the Cisco risk-scoring metric. The evidence for the units from the other dataset is used to evaluate the Cisco risk-scoring metric. Cisco evaluated evidence only for new products. It is my understanding that Cisco plans to use the risk-scoring metric only on new products. It is my understanding that, although Cisco was not granted access for every product Cisco requested to inspect, Cisco did not determine which individual devices to analyze and therefore compare to their risk-score metric.

Based on the data for two sets of units evaluated, Broker and Out-of-Sample datasets, I constructed correspondence tables to determine the probability that verified counterfeit products were categorized as High Risk by Cisco's risk-scoring metric. I also calculated the probability of false determinations of genuine products, when Cisco's risk-scoring metric identified photographically determined genuine products as High Risk. Table 1 lists the number photographically determined counterfeit and genuine products that the Cisco's risk-scoring metric categorized as High Risk for the Broker data.

¹⁷ The tests are described in "Risk Scoring for Secondary Market product.docx" received from Counsel. I cannot verify Test 3 and Test 6 because they rely on lists of [REDACTED] that I do not have. I cannot check Test 2 because this requires knowledge of whether [REDACTED]. For Test 7, I used fuzzy matching technique and then manually looked through [REDACTED]. Similarly, for Test 8, I used fuzzy matching technique and then manually looked through a total of [REDACTED].

Table I: Percentage of Total Products that are High Risk Using Cisco Detection Matrix: All Product Families
Only Analyze Records That Have a Non-Missing Cisco Net Price POS

PhotoDetermination	Source	High Risk	Total	Percentage High Risk	Lower Bound 95%	Upper Bound 95%
Counterfeit	Broker	201	247	81.4%	76.0%	86.0%
Genuine	Broker	24	593	4.0%	2.6%	6.0%

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx.

The top row lists information about the units that Cisco determined to be counterfeit based on photographic evidence. The second row is for units photographically determined to be genuine. The first row shows that the Cisco risk metric categorized 201 out of 247 (81%)¹⁸ photographically determined counterfeit products as High Risk. The second row shows that the Cisco risk metric scored 24 out of 593 (4%)¹⁹ photographically determined genuine products as High Risk. This means that the Cisco risk-scoring metric has a relatively high power of identifying counterfeit products as counterfeit (81%),²⁰ a low probability of falsely identifying genuine products as counterfeit (4%).²¹

c. Cisco's Risk-Measure for Switches and Transceivers

The Broker data contains more than a dozen different types of products. Switches and transceivers are two groups with the larger number of units in the Broker data. It is my understanding that the units at issue in the ADSI data fall largely in the area of switches and transceivers as well. Table II below list the same type of correspondence table listed above for switches found in the Broker data.

¹⁸ 95% confidence interval is 76.0% to 86.0%.

¹⁹ 95% confidence interval is 2.6% to 6.0%.

²⁰ 95% confidence interval is 76.0% to 86.0%.

²¹ 95% confidence interval is 2.6% to 6.0%.

Table II: Percentage of Total Products that are High Risk Using Cisco Detection Matrix: Switch Product Family
Only Analyze Records That Have a Non-Missing Cisco Net Price POS

PhotoDetermination	Source	High Risk	Total	Percentage High Risk	Lower Bound 95%	Upper Bound 95%
Counterfeit	Broker	128	140	91.4%	85.5%	95.5%
Genuine	Broker	8	243	3.3%	1.4%	6.4%

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx.

Table II shows that for switches in the Broker dataset, Cisco risk-scoring metric identified 128 of the 140 (91.4%)²² photographically determined counterfeit switches as counterfeit (True Positives), and 8 out of 243 (3.3%)²³ genuine switches as counterfeit (False Positives).

Table III below lists the same type of correspondence table listed above for transceivers found in the Broker data.

Table III: Percentage of Total Products that are High Risk Using Cisco Detection Matrix: Transceiver Product Family
Only Analyze Records That Have a Non-Missing Cisco Net Price POS

PhotoDetermination	Source	High Risk	Total	Percentage High Risk	Lower Bound 95%	Upper Bound 95%
Counterfeit	Broker	34	36	94.4%	81.3%	99.3%
Genuine	Broker	7	18	38.9%	17.3%	64.3%

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx.

Table III shows that for transceivers in the Broker dataset, Cisco risk-scoring metric identified 34 of the 36 (94.4%)²⁴ photographically determined counterfeit switches as counterfeit (True Positives), and 7 out of 18 (38.9%)²⁵ genuine transceivers as counterfeit (False Positives).

²² 95% confidence interval is 85.5% to 95.5%.

²³ 95% confidence interval is 1.4% to 6.4%.

²⁴ 95% confidence interval is 81.3% to 99.3%.

²⁵ 95% confidence interval is 17.3% to 64.3%.

d. Evaluation of Cisco's Risk-Metric Based on Statistical Models

Another independent method of evaluating of the Cisco counterfeit detection is to test how well an econometric model, such as a logit, can predict the counterfeit devices. A logit regression is statistical methodology commonly used when the variable of interest is a binary outcome.²⁶ In this matter, the binary outcome evaluated is whether a product is counterfeit or genuine. In the logit analysis, I assign a value of 1 if a device is identified as counterfeit and 0 if it is genuine. I then estimate a logit model using the eight criteria calculated by Cisco. In this logit analysis, I use the cardinal scoring assigned by Cisco in their counterfeit detection metric. However the magnitude of the scores on individual metrics has no impact on the risk-scores obtained from the logit model due to the binary nature of the scores on the component measures of Cisco's risk-scoring metric. The logit regression determines which of these eight characteristics are predictive of counterfeit devices and the strength (added probability) each characteristic provides to the prediction.

i. Statistical Model of Switches from Broker Data

Table IV lists the results of the counterfeit prediction logit for switches in the Broker dataset.

²⁶ G. S. Maddala, *Limited-Dependent and Qualitative Variables in Econometrics*, (Cambridge University Press, Cambridge)1983, P. 22.

Table IV: Logit Regression for Switches in Broker Dataset

Logistic regression	Number of obs	=	555
	LR chi2(7)	=	539.91
	Prob > chi2	=	0.0000
Log likelihood = -100.07953	Pseudo R2	=	0.7295

Counterfeit	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
	-.3280833	.4968017	-0.66	0.509	-1.301797	.6456302
	0 (omitted)					
	-.0023389	.2528052	-0.01	0.993	-.4978279	.4931501
	.3788172	.1282795	2.95	0.003	.1273941	.6302403
	.2397411	.0386835	6.20	0.000	.1639229	.3155593
	.2942444	.1064056	2.77	0.006	.0856933	.5027955
	.6234028	.0799299	7.80	0.000	.4667431	.7800625
	0 (omitted)					
	.3858693	.1879357	2.05	0.040	.0175221	.7542165
	-3.578684	.4480541	-7.99	0.000	-4.456854	-2.700515

The column labeled “Coef.” reflects how each of the eight criteria impact the likelihood that a device was counterfeit. If the coefficient is positive then an increase in that factor increases the likelihood that a device is counterfeit holding other factors constant. Alternatively, if the coefficient is negative, an increase in a factor reduces the likelihood that a device is counterfeit (increases the likelihood that it is genuine) holding all other factors constant. For instance, the

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

After conducting the logit analysis, I predict for each device whether it is likely to be counterfeit. The prediction from a logit regression calculates a value between 0 and 1. A value

27 [REDACTED]

[REDACTED]

[REDACTED]

closer to 1 indicates that a product is more likely to be counterfeit, while a value closer to 0 indicates that a product is more likely to be genuine. The table below reports, on each row, the “Total” number of devices that had the predicted value, derived from the logit regression, and the number of switches with a given logit value that were photographically determined to be genuine or counterfeit:

	Counterfeit	Genuine	Total
0.00475	2	102	104
0.01466	1	31	32
0.01497	2	30	32
0.02679	0	1	1
0.02715	1	61	62
0.04521	1	24	25
0.08001	1	40	41
0.08158	1	8	9
0.16746	0	2	2
0.21676	0	1	1
0.30913	0	1	1
0.31214	3	13	16
0.38526	0	6	6
0.38650	2	7	9
0.39028	0	2	2
0.54035	5	0	5
0.58572	9	3	12
0.66249	14	4	18
0.66408	1	0	1
0.66720	1	2	3
0.78553	3	0	3
0.81816	1	1	2
0.86200	4	0	4
0.95028	4	0	4
0.96368	13	0	13
0.98348	45	0	45
0.98805	80	2	82
0.98830	1	0	1
0.99475	5	0	5
0.99621	14	0	14
	214	341	555

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx

The last row of the table, above the “Total” row, lists 14 devices had a logit score of .99621, which means they were scored to be the most likely to be counterfeit. Cisco’s analysis determined that those 14 were counterfeit. As another example, 5 units received a logit score of .99475. All 5 were determined to be counterfeit. Another 82 (80 in the counterfeit column and 2 in the genuine column) received a logit score of .98805, meaning that all of these units are predicted to be among the most likely to be counterfeit. Analogously, at the top of the table, the logit model scored 104 units at .00475, which means they are the least likely to be counterfeit. Looking down the table as the logit model’s predicted value increases, the corresponding number of devices that were determined to be counterfeit increases. Looking at the counterfeit column we can determine that 172 out of 214 true counterfeit items (80%) have a logit score of above .664. There are only 5 out of 341 of the true genuine switches (1.5%) that have a logit score that high. This means that the logit score confirms that the measures developed by Cisco serve to separate counterfeit units from genuine products.

Academic researchers developed tests to determine whether classification methods, as used here, are effective.²⁸ Many of these tests are based on whether the classification models can concentrate the feature of interest (in our case, counterfeit status) into an identifiable group in greater proportion than it exists in the general population. To understand the concept, consider a population that has 10% of people who like baseball. A model might be used to identify a group of people who like baseball based on various characteristics, such as age, city of residence, and income. If the group it identifies as baseball fans only has 10% of people who are actually baseball fans the model has added nothing. On the other hand, if the model identifies a group composed of 40% baseball fans, then the model has had some degree of success in grouping people in a way that concentrates the baseball fans into an identifiable group. An even better model would produce a higher percentage of actual baseball fans in the group the model identified as baseball fans.

Similarly, in the task Cisco has performed, the general population of 555 switches is about 39% counterfeit. The Cisco counterfeit detection method has grouped switches, making it possible to turn to a single high-risk group that is 80% counterfeit, and only about 2% genuine.

²⁸ Peter Kennedy, *A Guide to Econometrics* 4th Edition, MIT Press, Cambridge, 1998, P. 239.

The model has been successful at sorting the devices into groups so that one group has a much higher concentration of counterfeit devices, improving the efficiency of searching for, and evaluating potentially counterfeit devices, with little chance of falsely identifying a genuine product as counterfeit.

In addition, other works using logit models suggests that even when the underlying group being predicted makes up 50% of the population, a model that can group individuals so that 75% of a group has the characteristic of interest (counterfeits, in this matter) is of value.²⁹ Cisco's counterfeit detection metric creates a high risk group where 94%³⁰ has the characteristic of interest (counterfeit) and it is out of a population with an overall rate of 37%.³¹ This means that Cisco's counterfeit detection method is performing better than the example of valuable performance in sorting binary outcomes from a text specializing in these sorts of categorical data analysis.

Table VI below provides the predictions obtained from the logit analysis based on Cisco's risk-scoring metric.

Table VI: Percentage of Total Products that are High Risk Using Logit: Switch Product Family						
PhotoDetermination	Source	Probability Using Logit	Total	Percentage	Lower Bound 95%	Upper Bound 95%
Counterfeit	Broker	172	214	80.4%	74.4%	85.5%
Genuine	Broker	5	341	1.5%	0.5%	3.4%

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx.

The above table shows that the methodology using a logit regression provides similar outcomes as did Cisco risk-scoring metric, described in Table II. This statistical method also produces a low rate of false positive findings of counterfeit units. The Cisco risk-scoring metric, in Table II, finds a little over 3.3% of the genuine products were falsely identified as

²⁹ Jeffrey S. Simonoff, *Analyzing Categorical Data*, Springer, 2003, Chapters 4 and 9.

³⁰ In the Broker dataset for switches with non-missing values of Cisco Net Price (POS), there are 136 units classified as "High Risk". 128 of these, or 94.1%, were determined as counterfeit.

³¹ In the Broker dataset for switches with non-missing values of Cisco Net Price (POS), there are 383 total units. 140 of these, or 36.6%, were determined as counterfeit.

counterfeit.³² The logit analysis derived from the components of the Cisco risk-score identified 1.5% of genuine switches as counterfeit.³³ It also produces a high rate of true positives 80.4%.³⁴

ii. *Statistical Model of Transceivers from Broker Data*

I perform the same logit model for transceivers from the Broker data. The results are presented in Table VII.

Table VII: Logit Regression for Switches in Transceiver Dataset

```

Logistic regression                                Number of obs   =      166
                                                    LR chi2(5)      =      95.77
                                                    Prob > chi2     =      0.0000
Log likelihood = -63.668788                      Pseudo R2      =      0.4293

```

Counterfeit	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
	-1.59097	.534449	-2.98	0.003	-2.638471	-.5434696
	0	(omitted)				
	0	(omitted)				
	0	(omitted)				
	.1894242	.0705377	2.69	0.007	.0511728	.3276756
	.6562911	.2847648	2.30	0.021	.0981622	1.21442
	.7715691	.1734093	4.45	0.000	.4316932	1.111445
	0	(omitted)				
	.473444	.2340837	2.02	0.043	.0146483	.9322397
	-1.803128	.8085685	-2.23	0.026	-3.387894	-.2183634

These results are based on the Broker data, which was used to develop the metric. The test of how well the metric performs in samples used in its development is listed in Table VII. The logit scores determining which transceivers are more or less likely to be counterfeit are listed in Table VIII.

³² 95% confidence interval is 1.4% to 6.4%.

³³ 95% confidence interval is 0.5% to 3.4%.

³⁴ 95% confidence interval is 74.4.% to 85.5%.

Table VIII: Predicted Counterfeit Transceivers from Broker Dataset

	Counterfeit	Genuine	Total
0.00320	0	3	3
0.14147	2	7	9
0.24760	1	3	4
0.28260	16	41	57
0.40545	0	2	2
0.61981	4	2	6
0.65912	12	7	19
0.88892	4	0	4
0.94408	1	0	1
0.97582	31	1	32
0.98589	2	0	2
0.99405	9	0	9
0.99498	15	0	15
0.99878	3	0	3
	100	66	166

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx

Table VIII, again shows that the logit model based on the Broker data effectively separates genuine from counterfeit transceivers. Only 10 of the 66 (15.2%)³⁵ genuine transceivers in the broker data have a logit score above .61. 81% of the 100 counterfeit transceivers have a logit score above .61. Again, this statistical model based on the underlying components of the Cisco risk-scoring metric separates counterfeit transceivers from genuine transceivers with high probability. Table IX shows this analysis.

Table IX: Percentage of Total Products that are High Risk Using Logit: Transceiver Product Family

PhotoDetermination	Source	Probability	Total	Percentage	Lower Bound	Upper Bound
		Using Logit			95%	95%
Counterfeit	Broker	81	100	81.0%	71.9%	88.2%
Genuine	Broker	10	66	15.2%	7.5%	26.1%

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx

³⁵ 95% confidence interval is 7.5% to 26.1%.

e. Test of Cisco's Risk-scoring Metric in "Out of Sample" Datasets

The analysis above is based on the performance of the Cisco risk-scoring metric and logit analysis on the Broker data. In this section I describe the performance of the Cisco risk-scoring metric in separating counterfeit units from genuine in another dataset. This type of analysis is called out-of-sample testing.

iii. Out-of-Sample Test of Cisco Risk-Score for Switches

Table X lists the results of the Cisco risk-scoring metric for switches in the out-of-sample dataset.

Table X: Percentage of Total Products that are High Risk Using Cisco Detection Matrix: Switch Product Family
Only Analyze Records That Have a Non-Missing Cisco Net Price POS

PhotoDetermination	Source	High Risk	Total	Percentage High Risk	Lower Bound 95%	Upper Bound 95%
Counterfeit	Broker	128	140	91.4%	85.5%	95.5%
Genuine	Broker	8	243	3.3%	1.4%	6.4%
Counterfeit	Out-of-Sample	28	38	73.7%	56.9%	86.6%
Genuine	Out-of-Sample	1	19	5.3%	0.1%	26.0%

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx.

For the out-of-sample data, the Cisco risk-scoring metric identified 73.7% of the true counterfeit switches as High Risk.³⁶ It identified 5.3% of the true genuine switches as counterfeit³⁷.

iv. Out-of-Sample Test of Logit Based on Cisco's Risk Measures for Switches

Table XI lists the results for the logit model based on the components of the Cisco risk-score metric for switches. The predicted values are based on the logit regression performed on switches in the Broker dataset and the characteristics of each of the switches the out-of-sample data.

³⁶ 95% confidence interval is 56.9% to 86.6%.

³⁷ 95% confidence interval is 0.1% to 26.0%.

Table XI: Percentage of Total Products that are High Risk Using Logit: Switch Product Family

PhotoDetermination	Source	Probability Using Logit	Total	Percentage	Lower Bound 95%	Upper Bound 95%
Counterfeit	Broker	172	214	80.4%	74.4%	85.5%
Genuine	Broker	5	341	1.5%	0.5%	3.4%
Counterfeit	Out-of-Sample	71	94	75.5%	65.6%	83.8%
Genuine	Out-of-Sample	1	34	2.9%	0.1%	15.3%

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx.

For the out-of-sample data the logit model identified 71 switches as likely counterfeits out of 94 determined counterfeits (75.5%).³⁸ The logit identified one genuine switch as counterfeit out of 34 (2.9%).³⁹

v. Out-of-Sample Test of Cisco Risk-Score for Transceivers

Table XII lists the results of the Cisco risk-scoring metric for the out-of-sample data..

Table XII: Percentage of Total Products that are High Risk Using Cisco Detection Matrix: Transceiver Product Family
Only Analyze Records That Have a Non-Missing Cisco Net Price POS

PhotoDetermination	Source	High Risk	Total	Percentage High Risk	Lower Bound 95%	Upper Bound 95%
Counterfeit	Broker	34	36	94.4%	81.3%	99.3%
Genuine	Broker	7	18	38.9%	17.3%	64.3%
Counterfeit	Out-of-Sample	44	81	54.3%	42.9%	65.4%
Genuine	Out-of-Sample	0	131	0.0%	0.0%	2.8%

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx.

The Cisco risk-scoring metric categorized 44 of the 81 determined counterfeit transceivers as counterfeit (54.3%).⁴⁰ Cisco's risk-scoring metric identified 0 of the 131 determined genuine transceivers as counterfeit.⁴¹

³⁸ 95% confidence interval is 65.6% to 83.8%.

³⁹ 95% confidence interval is 0.1% to 15.3%.

⁴⁰ 95% confidence interval is 42.9% to 65.4%.

⁴¹ 95% confidence interval is 0.0% to 2.8%.

vi. Out of Sample Test of Logit Based on Cisco's Risk Measures for Transceivers

Table XIII lists the results for the logit model based on the components of the Cisco risk-score metric for transceivers. The predicted values are based on the logit regression performed on switches in the Broker dataset and the characteristics of each of the transceivers the out-of-sample data.

Table XIII: Percentage of Total Products that are High Risk Using Logit: Transceiver Product Family

PhotoDetermination	Source	Probability	Total	Percentage	Lower Bound	Upper Bound
		Using Logit			95%	95%
Counterfeit	Broker	81	100	81.0%	71.9%	88.2%
Genuine	Broker	10	66	15.2%	7.5%	26.1%
Counterfeit	Out-of-Sample	95	98	96.9%	91.3%	99.4%
Genuine	Out-of-Sample	0	142	0.0%	0.0%	2.6%

Sources:

Combined Risk Score Results for Expert (4.15.20).xlsx.

For the out-of-sample data, the logit model identified 95 transceivers as likely counterfeits out of 98 photographically determined counterfeits (96.9%).⁴² The logit model based on the component measures of the Cisco risk-scoring metric none of the 142 identified genuine transceivers as counterfeit.⁴³

6. Conclusion

Cisco's counterfeit detection metric has a high likelihood of identifying verified counterfeit units as High Risk and a low probability of identifying verified genuine units as High Risk particularly for switches and transceivers that I understand to be at issue in this case. The Cisco risk-score metrics perform well on the measures, risk-levels, and data sets I analyzed.

Daniel S. Levy
April 17, 2020

⁴² 95% confidence interval is 91.3% to 99.4%.

⁴³ 95% confidence interval is 0.0% to 2.6%.

Appendix 1- Curriculum Vitae DANIEL S. LEVY, PhD

Daniel S. Levy specializes in applications of economics and statistics in the study of corporate structures related to industrial organization/antitrust, intellectual property infringement and damages issues. His work includes detailed analyses and valuations of corporate functions, risks, and assets for international corporations in a wide range of industries. He has served as an expert witness in high technology industries for copyright litigation, patent disputes and associated antitrust allegations. He has designed and performed sampling protocols to review the composition of alleged copyrighted material. He has also designed consumer surveys to determine the consumers' value of products and services. As part of his business consulting, Dr. Levy has worked Fortune 500 companies developing economic, statistical and computing solutions for optimizing prices. He has analyzed lost profits in various business related situations. He has testified in Federal Court, presented statistical issues to Government Agencies and served as an Expert Arbitrator.

Prior to Advanced Analytical Consulting Group, Inc., Dr. Levy was the National Leader of the Economic and Statistical Consulting Group at Deloitte Financial Advisory Services and Global Leader of Economic Consulting at Arthur Andersen's Business Consulting Group. He also held research and consulting positions at Charles River Associates, The RAND Corporation, Needham-Harper Worldwide Advertising, SPSS Inc. and The University of Chicago Computation Center.

Dr. Levy and his team of economists and engineers design, build and implement pricing models and applications that help their clients optimize prices to improve revenues/profits.

Ph.D., Economics, The University of Chicago

EXPERT REPORTS, TESTIMONY/AFFIDAVITS

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- Lucy Truitt, et al., v Atlanta Independent School System, Civil Action File No. 1:15-CV-04295-SCJ-WEJ, US District Court, Northern District of Georgia, Atlanta Division, 2017, Expert Reports and Deposition.
- US Department of Labor v Analogic, CASE NO. 2017-OFC-00001, United States Department of Labor Office of Administrative Law Judges, 2017, Expert Report and Testimony
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- Stephen Markson v. MBNA Canada Bank, Ontario Superior Court of Justice, Court File 03-CV254970CP, 2012, Expert Report and Deposition.
- Disney Enterprises, Inc. et al.v. Hotfile Corp et al, U.S. District Court, Southern District of Florida, Case no. 11-20427-Williams-Turnoff, 2012, Expert Report and Deposition.

PROFESSIONAL EXPERIENCE

2009 – Present	National Managing Director, Advance Analytical Consulting Group, Inc.
2002 - 2009 LLP	National Leader of Economic and Statistical Consulting, Deloitte FAS
2001 - 2002	Global Director of Economic and Statistical Consulting, Arthur Andersen: Value Solutions
1998 - 2001	National Director of Economic and Statistical Consulting, Arthur Andersen: Business Consulting
1996 - 1998	Regional Director of Economics, Arthur Andersen: CRCO
1995 - 1996	Economist, Arthur Andersen
1991 - 1995	Senior Associate, Charles River Associates
1988 - 1991	Associate Economist, The RAND Corporation
1985 - 1988	Computer Advisor, The University of Chicago Computation Center
1982 - 1985	Research and Teaching Consultant, SPSS Inc.
1981 - 1982	Research Consultant, Needham, Harper Worldwide Advertising

PROFESSIONAL HONORS and ACTIVITIES

- Earhart Fellowship for graduate research in economics, 1981 - 1982
- Hewlett Grant for research in developing countries, 1985 - 1986; renewed, 1986 - 1987
- CBS Bicentennial Scholarship for research on events leading to the American Revolution, 1986 - 1987
- Homer and Alice Jones Fellowship, University of Chicago, 1987 - 1988
- American Economics Association, 1988- Present
- Population Association of America, 1988-1991

PAPERS, PRESENTATIONS, AND PUBLICATIONS

- Levy, Daniel and Tardiff, Timothy J. and Zhang, Yiyuan and Yamron, Alex, No-Poaching Clauses, Job Concentration and Wages: A Natural Experiment Generated by a State Attorney General (January 23, 2020). Available at <http://aacg.com/wp-content/uploads/Effect-of-No-poaching-Clauses-on-Wages-2020-01-23-1900.pdf>
- Levy, Daniel and Tardiff, Timothy J., Measurement of Market Concentration Faced by Labor Pools: Theory and Evidence from Fast Food Chains in Rhode Island with No-Poaching Clauses (September 14, 2018). Available at SSRN: <https://ssrn.com/abstract=3247932> or <http://dx.doi.org/10.2139/ssrn.3247932>

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- Timothy Tardiff, Daniel Levy, Audrius Girnius, and Karthik Padmanabhan, “Antitrust and Community Impact Report,” Montana Commissioner of Securities, January 29, 2013.
- Daniel S. Levy and Timothy J. Tardiff “Pricing and Maximizing Profits within Corporations: Applications of Lester Taylor’s Insights,” Presented at Telecommunications Demand and Investment: The Road Ahead, Conference in Honor of Emeritus Professor Lester D. Taylor, Jackson Hole, Wyoming, October 10, 2011.
- Daniel S. Levy. “Foundations of Pricing,” Presented at the Professional Pricing Society Meetings, Oct 2010.

Appendix 2- Additional Results

Suppose we know the following information, as shown in the table below:

- Percentage of high risk in Counterfeits: A
- Percentage of high risk in Genuine: B
- Total observations in High Risk: C
- Total observations: D

	High Risk	Total	Percentage
Counterfeit	X1	X2	A
Genuine	X3	X4	B
Total	C	D	

This table forms four simultaneous equations with four unknowns, as follows:

$$\frac{X1}{X2} = A$$

$$\frac{X3}{X4} = B$$

$$X1 + X3 = C$$

$$X2 + X4 = D$$

This can be further reduced to 2 simultaneous equations with 2 unknowns.

$$X1 + X3 = C$$

$$\frac{X1}{A} + \frac{X3}{B} = D$$

Therefore, we can solve for X1:

$$X1 = \frac{ABD - AC}{B - A}$$

Hence, the percentage of high-risk products that are counterfeits is:

$$\frac{X1}{C} = \frac{ABD - AC}{(B - A)C}$$

EXHIBIT C

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

CISCO SYSTEMS, INC., a California :
corporation, and CISCO TECHNOLOGY, :
INC., a California corporation, :

Plaintiffs, :

vs. :

ZAHID "DONNY" HASSAN SHEIKH, an :
individual; et al., :

Defendants. :

ADVANCED DIGITAL SOLUTIONS :
INTERNATIONAL, INC.; a California :
corporation, :

Third-Party Plaintiff, :

vs. :

RAHI SYSTEMS, INC., a California :
corporation; et al., :

Third-Party Defendants. :

- - -

CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

REMOTE VIDEOCONFERENCE DEPOSITION OF

F. CHARLES WILLIAMS

- - -

Friday, May 8, 2020
Raleigh, North Carolina, Wake County

Job No. 179849

Reported by Ann Ford, RPR

1 developed is to help us identify counterfeit that may
2 have been sold by somebody. And the reason for that
3 is counterfeit often requires us to get a hands-on
4 determination to make an analysis that it's a
5 counterfeit.

6 And if you had an instance where you had a
7 seller who may have sold thousands or hundreds of
8 thousands of pieces, individual pieces, of equipment,
9 it's really -- to get to the end result of that is a
10 very difficult task, time-consuming, with customers,
11 other parties involved in the case.

12 So the risk-scoring model was a way to
13 allow us to get to a way of identifying counterfeit
14 and maybe, in the marketplace, to then conduct
15 further analysis or requests for recall of that -- of
16 those products.

17 Q. So what inputs did you supply towards
18 developing that model?

19 A. Well, the reason to have it, the purpose
20 for having it, using the data that we are aware of,
21 whether that be our financial data, sales systems,
22 the data supplied by the brokerage, leveraging known
23 counterfeit product I.D.s within our system to help
24 with the weight scoring, and then the refinement of
25 the process.

1 determined to be counterfeit that would be added to
2 the model. And then there's just the
3 counter-weighting of, hey, are you always being
4 conservative enough in your information to get to the
5 accurate results on it?

6 We don't want to be in a position where
7 we're overstating something. So we prefer to be on
8 the conservative side of that.

9 Q. So is part of your job responsibilities
10 the ongoing management of the risk-scoring model?

11 A. I have -- you know, Tim Casto you've
12 referenced, he's on my team, but it's a group we
13 bring into this. So I mentioned the collaborative
14 work. You've got people that are on my engineering
15 team. So I get results from them, as far as
16 confirmation of test results or confirmation that a
17 new product has been counterfeit to add to the model.

18 Q. Okay. So since the model was first
19 started, and even to this day, it sounds like it's
20 constantly being monitored and adjusted as new
21 information becomes available.

22 Would that be correct to say?

23 MR. NELSON: Objection. Vague and
24 ambiguous.

25 A. Yes.

1 the risk involved with it. So they never desire to
2 go out and find counterfeit from anybody. The best
3 way to do that is through a secure source of supply,
4 which would be the Cisco partner distribution model.

5 In a conversation like that, if a
6 customer -- you know, a typical customer who wants to
7 buy a product, they're determining who they want to
8 purchase from. If they determine that they want to
9 purchase a Cisco product, then they can go out and
10 shop for it. The consumer is making a decision on
11 what they want to purchase, what networking equipment
12 provider they want to purchase from. If they choose
13 Cisco -- and hopefully they do -- they would then
14 choose what product fits their needs and purchase it
15 from their supplier.

16 Ideally, from our stake, it's an
17 authorized supplier, such as a partner of ours. If a
18 consumer wants to buy it in the open marketplace,
19 they're permitted to do so.

20 Q. So it's your belief that consumers in this
21 marketplace make a decision about the brand that they
22 want to buy before they go shopping, as opposed to
23 deciding the piece of technology they want to buy and
24 then shopping around?

25 A. Yeah. I think the consumer has a

1 networking need and desire, and they choose from the
2 well-known vendors from that. If a consumer has a
3 product within its network that's already Cisco -- if
4 they've established or settled on Cisco, they're
5 typically going to get another Cisco through their
6 network.

7 It may work in our favor; it may work
8 against us, because if they settle on a competitor of
9 ours, they're most likely to go after that
10 competitor's device as well.

11 Q. Who are Cisco's competitors?

12 A. HP, Juniper -- there's a whole bunch of
13 them -- are two known networking competitors of ours.

14 Q. Are those kind of the biggest hardware
15 competitors?

16 A. Hardware, yes.

17 Q. Are there any others, kind of, in the top
18 five, off the top of your head?

19 A. You get into different product categories,
20 so you might be talking Cloud services. You could be
21 talking, like, this videoconferencing. Cisco has a
22 well-known and robust and secure platform called
23 Webex. That system is used, and I would recommend
24 that for future use for you guys.

25 There's also services, so there's many

1 different product categories that our products fall
2 into. Each one of those sets comes with different
3 competitors.

4 Q. Okay. Do HP and Juniper make Internet
5 switches?

6 A. Yes. Networking switches. And there's
7 switches and routers. And they make those and resell
8 those.

9 Q. And HP and Juniper make transceivers as
10 well?

11 A. Yes.

12 Q. Would it be fair to say that those
13 products are competing in the same marketplace?

14 A. That's correct.

15 Q. So if I was shopping around for a
16 transceiver, I could get comparable transceiver
17 devices from HP and from Cisco?

18 A. If you were shopping around for a
19 transceiver, you would want a transceiver that fit
20 the networking devices you had and was compatible
21 with them. If you had a Juniper product, you would
22 want to purchase a transceiver that was compatible
23 with a Juniper product.

24 Q. Okay. So I can't stick a Cisco
25 transceiver into a Juniper network?

1 A. They function -- functionality-wise,
2 they're the same concept and idea for transmission of
3 information, but each one, like Cisco's, are designed
4 to function effectively with our products, the most
5 efficient way to do it.

6 Q. When you say "effectively" and
7 "efficient," what do you mean by that?

8 A. The design needs to be compatible with the
9 products that we develop.

10 Q. Okay. So if I'm a customer, and I have an
11 entirely Juniper built-out network system, I could go
12 buy a Cisco transceiver to replace a transceiver;
13 that's correct to say?

14 A. You could place Juniper-compatible
15 transceivers in there. There may be different
16 competitor brands in there. Whether or not a Cisco
17 transceiver works, you know, well with a Juniper
18 product, I can't comment on that.

19 Q. Are there any other companies besides HP
20 and Juniper that make transceivers that you can think
21 of?

22 A. Yes. There's a lot out there. You could
23 do a quick search and find many different
24 manufacturers that develop that product specifically.

25 Q. So getting back to Mr. Regan, is that the

1 where the numbers detail come in, I don't recall off
2 the top of my head.

3 Q. Okay. So did you have any involvement in
4 deciding these point levels, the 16 -- for example,
5 the 16 points?

6 A. Yes. I was involved in the scoring of
7 those.

8 Q. So if we go down to Number 2, [REDACTED]

10 Do you see that?

11 A. Yes.

12 Q. Do you know what that factor looks at?

13 A. [REDACTED]

20 Q. Okay. We're going to Number 3 -- sorry,
21 Number 4. I guess this is the third item but the
22 fourth page of this document.

23 Do you recognize this page of the
24 document?

25 A. Yes.

1 A. It's not a used price. It's defining a
2 used product.

3 Q. I'm sorry. Yeah. How does Cisco define a
4 used product?

5 A. A product that's owned by somebody else or
6 sold to another end customer.

7 Q. Okay. So would this -- if I bought a
8 product from a Cisco channel partner and never opened
9 it but resold it to someone else, would that be
10 considered a used Cisco product?

11 A. Yeah. The end customer wouldn't match up,
12 so it would. And the reason it would, in Cisco's
13 eyes, is because the warranty and the licensing
14 wouldn't transfer. So it would be considered used,
15 because the warranty and the licensing were only
16 provided to the individual end user.

17 Q. So would Cisco consider any product not
18 bought either directly from Cisco or through a
19 channel partner to be a used product?

20 MR. NELSON: Objection. Vague and
21 ambiguous.

22 A. Do you mind restating that for me?

23 Q. Yeah.

24 So would Cisco consider any product not
25 bought through Cisco directly or from a Cisco channel

1 partner to be a used product?

2 A. Any product -- any product sourced outside
3 of Cisco's authorized channel would fit into that
4 model. So it may have started inside our authorized
5 channel; it changed hands multiple times -- would
6 then fall into that category. Once it's out of our
7 authorized channel, we just can't offer guarantees as
8 to the quality and condition of a product.

9 Q. So what's defined as a Cisco authorized
10 channel?

11 A. That's our -- the partner model we
12 discussed at the beginning, where we -- our primary
13 route to market is through our partner, our partners.
14 And so we have manufacturing, distribution, and then
15 resellers are partners that sell for us. That's our
16 two-tier distribution model. And they all have
17 contract terms of where they buy and where they can
18 sell.

19 So purchasing terms for the partners are
20 required to purchase through distribution within
21 their country, and those same partners that are
22 purchasing from distribution are required to sell to
23 end customers within their -- within their territory.

24 Q. If I bought a product from a Cisco channel
25 partner, never took it out of the box, and turned

1 Do you recall that conversation?

2 A. Yes.

3 Q. And we talked about if a customer has
4 installed their network with Cisco products, it was
5 your belief that they would be more likely to
6 purchase Cisco products in the future for that
7 network.

8 Do you recall that? Is that an accurate
9 statement?

10 A. Yes. I recall saying that if a customer
11 has decided on a specific networking manufacturer,
12 that they're more likely to stick with them for
13 future purchases if they have a good experience.

14 Q. And so in that scenario, for somebody
15 who's installed a Cisco networking system, it would
16 be -- they could get a Juniper product that would be
17 compatible with that Cisco network system; is that
18 correct?

19 A. They could install different manufacturers
20 within their network, would be an accurate statement,
21 if they chose to.

22 Q. So if the customer had built out a Juniper
23 network system, they could buy Cisco transceivers
24 that would work in that system? That's something
25 that they could do; correct?

1 MR. NELSON: Objection. Asked and
2 answered.

3 A. You're jumping around on the technology
4 aspect of it. But if you want to mix and match a
5 network with different providers, you could.

6 But what I would like to point out is once
7 you have -- you know, network, again, can be complex.
8 And so you hire experts, IT department staff, CIOs
9 for large organizations to manage your network. And
10 they want to standardize on something and have a
11 consistent experience.

12 So there's a lot of training and expertise
13 in certain cases that go into these technologies to
14 really understand how to make them work efficiently
15 and effectively.

16 And so once you invest all that time and
17 resources and training for your staff to standardize,
18 it's difficult to shift around. It's one of these
19 things that cuts both ways for all vendors. But if
20 you have a good user experience, you're more likely
21 to stick with the same products.

22 Q. So when Cisco manufactures a transceiver,
23 it manufacturers it with the intent that that
24 transceiver can be used across different competitor's
25 platforms.

CERTIFICATE

State of North Carolina :

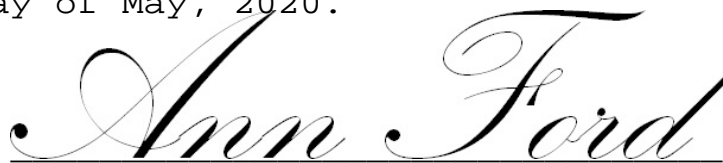
SS:

County of Hoke :

I, Ann Ford, Notary Public in and for the State of North Carolina, duly commissioned and qualified, certify that the within named witness was by me remotely duly sworn to testify to the whole truth in the cause aforesaid; that the testimony was taken down by me in stenotypy via remote videoconference, afterwards transcribed upon a computer; that the foregoing is a true and correct transcript of the testimony given by said witness taken at the time and place in the foregoing caption specified.

I certify that I am not a relative, employee, or attorney of any of the parties hereto, or of any attorney or counsel employed by the parties, or financially interested in the action.

IN WITNESS WHEREOF, I have set my hand and affixed my seal of office at Raeford, North Carolina, on this 20th day of May, 2020.



ANN FORD, Notary Public in and
for the State of North Carolina
Registered Professional Reporter

My Commission expires: October 10, 2021.

EXHIBIT D

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

-----x
CISCO SYSTEMS, INC., a
California corporation, et al.,
Plaintiffs, Case No.
v. 4:18-cv-07602-YGR
ZAHID "DONNY" HASSAN
SHEIKH, an individual, et al.,
Defendants.

ADVANCED DIGITAL SOLUTIONS,
INTERNATIONAL, INC., a California
corporation,
Third-Party Plaintiff,
v.

RAHI SYSTEMS, INC., a California
corporation et al.,
Third-Party Defendants.

-----x
CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

REMOTE VIDEOCONFERENCE DEPOSITION OF

DANIEL S. LEVY, Ph.D.
Boston, Massachusetts

Reporter: MaryJo O'Connor, RDR, RMR

Job No: 179815

1 issue.

2 MR. NELSON: I agree. Move on.

3 MR. ATKINSON: Okay.

4 BY MR. ATKINSON:

5 Q. So my question is, Dr. Levy -- and
6 I apologize if I ever slip and call you
7 Mr. Levy -- but, Dr. Levy, is it correct that
8 there are no writings that you obtained
9 before April 14 that discuss the factors in
10 the Cisco model?

11 A. Yes. I believe that's true.

12 Q. Okay.

13 A. There are no other writings.

14 Q. Okay. What was your understanding
15 of your assignment in this case as an expert?

16 A. To evaluate the metrics and
17 measures that were used in the Cisco model to
18 determine how well they distinguish between
19 counterfeit and genuine products.

20 Q. And to perform this evaluation,
21 who have you spoken with?

22 A. Mr. Nelson and Ms. He I think.
23 There is another name that I am forgetting.

24 Q. Is that a Sideman --

25 A. Yes, I believe it's a Sideman

1 determined to be actually manufactured and
2 branded by Cisco, as determined in my work in
3 the dataset that I was provided.

4 Q. And is it your understanding that
5 Cisco actually manufactures these products,
6 or is that beyond the scope?

7 A. That's -- I wasn't asked to
8 evaluate that.

9 Q. Okay. Your report has a sentence,
10 "Of particular interest is how the Cisco
11 scoring system performs in distinguishing the
12 new, genuine products from counterfeit
13 products, which ADSI sold as new, genuine
14 products."

15 Do you see that in your report?

16 A. I do see that.

17 Q. Did you form an opinion that ADSI
18 actually sold counterfeit products?

19 A. I wasn't asked to evaluate that as
20 separate from the metric scoring system that
21 I was evaluating.

22 Q. And do I understand correctly,
23 then, because you weren't asked to look at
24 that, you didn't form an opinion on that
25 subject, correct?

1 A. Could you define the subject
2 specifically again?

3 Q. Whether or not you formed an
4 opinion that ADSI sold counterfeit products.

5 A. I wasn't asked to evaluate that
6 separate from the measure of counterfeit that
7 I received in the file to validate the metric
8 system, and underlying --

9 Q. Doctor, first of all, I'm not
10 asking -- this is a question about whether or
11 not you formed an opinion.

12 Am I correct to understand you did
13 not form an opinion that ADSI sold
14 counterfeit products? That's not one of the
15 opinions you have, correct?

16 A. I don't have that opinion as -- I
17 wasn't asked to form an opinion on that for
18 this report, and I don't provide an opinion
19 specifically on that topic in this report
20 separate from the metrics that I received in
21 the dataset that I have.

22 Q. Okay. And, thank you. I'll move
23 on. At the top of Page 3, you begin "Within
24 the Broker dataset."

25 Do you see that sentence?

1 A. I understood it well enough to
2 understand that based on the model-based
3 analysis that I'm doing here, that I had
4 enough information in the dataset to do what
5 needed to be done.

6 Q. Can you approximate for me the
7 number of brokers whose information was not
8 provided in connection with the counterfeit
9 investigation or litigation?

10 MR. NELSON: This is Nelson.

11 Object to the extent that he's asking for
12 communications with counsel that were not
13 considered in forming the opinions or
14 relied upon in forming the opinions.

15 A. That information is not necessary
16 to do the analysis correctly.

17 Q. Okay. So to do the analysis
18 correctly, it's your position all of the
19 Broker dataset can come from brokers accused
20 by Cisco of counterfeiting; is that correct?

21 A. Given that there are the variables
22 that are in the model, yes, it can be. Yes.

23 Q. Okay. Still on top of Page 3, you
24 say, "Within the Broker dataset, Cisco found
25 that 81.4 percent of the devices predicted to

1 be counterfeit based on Cisco's eight
2 counterfeit detection metrics were
3 counterfeit."

4 Do you see that part of your
5 report?

6 A. 81 percent. Yes.

7 Q. When you say "Cisco found," who at
8 Cisco found the 81.4 percent of the devices
9 predicted to be counterfeit were counterfeit?

10 A. It's in the dataset that I
11 received.

12 Q. Okay. So you don't know who at
13 Cisco made that determination?

14 A. It's not important for the
15 analysis that I'm doing.

16 When I say "Cisco found," I'm
17 saying in the dataset that I received. And
18 to the extent that my analysis relies on the
19 counterfeit determination, that's where I'm
20 referring to as a Cisco found.

21 Q. Does it matter to you who at Cisco
22 put the dataset together?

23 A. Not for what I'm doing in
24 validating the model. So, no, it doesn't
25 matter for validating the model. If there is

1 some issue with whether or not some of those
2 values are correct or not, someone at Cisco
3 can -- I believe there is an expert on that
4 topic that's going to cover that.

5 Q. And you never picked up the phone
6 and called the person at Cisco who actually
7 put the dataset together, correct?

8 A. I didn't, because I don't need to
9 to validate the model, as was presented in
10 the data that they provided.

11 Q. And no questions came up in your
12 mind, as you looked through the dataset, for
13 which you wanted a clarification? Or is that
14 not right?

15 A. So I'm not sure if that is -- I'm
16 not sure if I'm supposed to be answering that
17 or not.

18 Q. I'll put it this way. I'll
19 rephrase it.

20 Did you have questions in your
21 mind when you looked at the dataset that was
22 provided, the one you refer to "Cisco found
23 81.4 percent," et cetera? Did you have
24 questions in your mind?

25 A. There was one that I did when I

1 record is pretty clear you did not talk to
2 that person, correct?

3 A. I didn't. Again, I investigated
4 the quality of the dataset by analyzing the
5 dataset and going to other sources to
6 validate and check the dataset.

7 Q. Was there a reason why you didn't
8 talk to somebody at Cisco?

9 A. I didn't need to for the task that
10 I was given.

11 Q. Okay. When you talk about the
12 idea that there were devices that were
13 counterfeit based on photographic evidence --
14 I'm still at the top of Page 3 -- have you
15 seen photographic evidence of counterfeiting
16 in this case?

17 A. I hadn't seen the photographic
18 evidence. It's both listed in the file as
19 photographic evidence and, as I understand
20 it, is photographic and other physical
21 inspection as well. But the dataset lists it
22 as photographic evidence as a title.

23 Q. So when the dataset says
24 photographic evidence, sometimes it's
25 photographic, sometimes it's physical; is

1 A. Not without learning more about it
2 at this moment. I probably could if you gave
3 me, you know, enough examples of them. I
4 probably could. But I don't have -- I
5 haven't looked at physical -- that many
6 physical Cisco products to do that.

7 Q. Have you looked at any physical --

8 A. I'm sorry. And I don't need to in
9 order to do what I was asked to do.

10 Q. Right. And have you looked at any
11 physical Cisco products in this case for
12 purposes of your report and opinion?

13 A. Not for the purposes of this
14 report and opinion. I have looked at
15 physical Cisco product.

16 Q. Okay. Then so you were not
17 involved in any determination of the
18 authenticity or genuineness of Cisco products
19 in this case, right?

20 A. That's correct. That's the
21 information that I received in the data, and
22 I was validating the measurements and the
23 performance of the metric and identifying
24 those as defined in the dataset.

25 Q. And Cisco determined if a product

1 was counterfeit or not, right?

2 A. That's my understanding. And I
3 understand there is a Cisco witness involved
4 in this case to discuss those issues.

5 Q. And what's the name of that
6 witness?

7 A. I'm going to forget his last name.
8 Sam. I don't remember his last name.

9 Q. That's okay. So you are relying
10 on Cisco to tell you when a product is
11 counterfeit or not, correct? For the
12 purposes of your analysis.

13 A. For the purposes of determining
14 whether the measurement system works, yes.
15 That's what I was asked to do.

16 Q. In your report, you talk about --
17 actually, strike that.

18 Do you know what Cisco is looking
19 for when it does photographic inspection for
20 counterfeiting?

21 A. No. And, again, I don't need to
22 know that. The other expert in this case
23 from Cisco will deal with that issue I
24 understand.

25 Q. Okay. And do you know what Cisco

1 is looking for for physical inspection to
2 determine counterfeiting?

3 A. In a general way, but not that I
4 relied on for this work.

5 Q. Okay. Is there an error rate for
6 Cisco's inspection of product to determine if
7 it's genuine or counterfeit?

8 MR. NELSON: Objection. Beyond
9 the scope.

10 A. I'm a little confused by the
11 question. I apologize.

12 Q. Does your opinion assume that
13 Cisco's determinations were perfect?

14 A. No, in that it determines whether
15 or not the metric is predicting the
16 counterfeits as determined in that field in
17 the dataset.

18 Q. So we talked about that Cisco
19 determined if a product is counterfeit or
20 not, right?

21 A. Correct.

22 Q. Okay. And we talked a little bit
23 about the fact that you're not involved in
24 it, but your understanding is there were
25 photographic inspections, physical

1 nothing wrong with the report itself, what
2 was stated. This model is valid for the data
3 that's being used.

4 Q. And do you consider it material
5 whether or not the Cisco determinations of
6 authenticity have an error rate? Do you
7 consider that relevant to your analysis?

8 MR. NELSON: Objection. Vague and
9 ambiguous. Using terms that are
10 undefined.

11 A. Could you rephrase that?

12 Q. Is it relevant to your inquiry
13 whether or not Cisco is accurate in
14 determining whether a product is counterfeit;
15 is that relevant to your inquiry?

16 A. For developing the model and
17 observing how it performs, it's based on the
18 data that I received. So to the extent that
19 that data were to change, as with all
20 analyses and all statistical models and all
21 economic analysis, if the underlying data
22 were to change, that could change -- had the
23 potential to change the model. If there are
24 small numbers of them that change, it will
25 probably have -- would have very little

1 impact on whether the model -- the numbers in
2 a report like this would change.

3 But the numbers in this report are
4 for the dataset that I received. So it's
5 relevant only in that sense; that if someone
6 has an update to the data, the same model
7 could be run -- the same analysis that I
8 performed here could be run to evaluate the
9 model.

10 Q. In forming your opinion, did you
11 investigate or look into whether Cisco is
12 correctly identifying counterfeit and genuine
13 products? Is that something you look into?

14 MR. NELSON: Objection. Asked and
15 answered. You can answer again, though.

16 A. Okay. So, as I said, the model --
17 the task I was asked -- the research I was
18 asked to do and the tasks I performed to
19 answer it were related to the data that I
20 received. And so based on that, I can use
21 the data that they provided me. And as with
22 any other economic or statistical model or
23 analysis, it's based on the data that you
24 receive -- one receives or uses.

25 If there is some change to that

1 data, which I believe Cisco's expert is going
2 to discuss, or you could ask him about it,
3 then this analysis that I performed could be
4 run again on that changed data.

5 MR. NELSON: Hey, Tyler, we've
6 been going for about two-and-a-half
7 hours, a little off and on of course.
8 But when you come to a breaking point, if
9 we could just take a ten-minute break.
10 That would be great.

11 MR. ATKINSON: Absolutely. I'll
12 reach that point in a moment.

13 BY MR. ATKINSON:

14 O. Dr. Levy, this is a line of
15 questions I'm not going to go very much
16 further down, but the accuracy of the Cisco
17 determinations is not something you yourself
18 looked into, correct?

19 And just to be clear, those
20 determinations, we're still talking about the
21 determinations of whether or not something
22 was actually genuine or actually counterfeit?

23 A. I did not investigate that aspect
24 of the dataset and verify it from photographs
25 or physical analysis of the products. That's

1 something I believe Cisco -- you'd have to
2 address with Cisco.

3 Q. Okay. Why don't we go ahead and
4 take that ten-minute break.

5 A. Okay. Great.

6 MR. ATKINSON: So we'll see you in
7 ten. Thanks everyone.

8 (Proceedings recessed at
9 3:44 p.m., and reconvened at 3:58 p.m.)

10 BY MR. ATKINSON:

11 Q. Dr. Levy, just to close the loop
12 on that line of questions I had before the
13 break, is Cisco's determination of whether a
14 product is counterfeit versus authentic, I
15 understand your methodology may not change,
16 but would your results change?

17 A. So if they gave additional --
18 provided additional underlying data that was
19 different, then with the new data there could
20 be some change in the result. It would
21 depend on how much and which direction things
22 go in it, but there could be a change. If
23 the underlying data in any analysis is
24 altered, it could change the results, have
25 the potential to change the results. It

1 conclusion about the model; isn't that
2 correct?

3 MR. NELSON: This is Nelson.

4 Objection. Incomplete hypothetical.

5 Vague and ambiguous.

6 A. You know, it would depend how much
7 the change is.

8 Q. And you didn't determine whether
9 or not the determinations of authentic versus
10 counterfeit are accurate determinations,
11 right?

12 A. I wasn't asked to do that. I was
13 asked to evaluate the model based on the data
14 that I received. And, again, if there are
15 small changes in that, it probably would have
16 very little impact on the underlying, you
17 know, results that came from it. And if
18 there were to be changes that should be made,
19 the analysis that I did could be run through
20 on the new data.

21 Q. Okay. And when you say you
22 weren't asked to do that, it's not just you
23 weren't asked to do something, you didn't do
24 it, right?

25 A. It was outside of the scope of

1 what I needed to do for my analysis, and I
2 wasn't asked to analyze that portion of this
3 issue.

4 Q. And, therefore, you did not do it,
5 right?

6 A. And I did not do that. Because it
7 wasn't --

8 Q. Okay. Just --

9 A. Because it wasn't needed to do
10 what I was asked to do.

11 Q. You didn't believe that it was
12 needed on your part to determine whether or
13 not Cisco is doing an accurate job when it
14 comes to deciding if something is counterfeit
15 or not. You didn't believe you needed to do
16 that, right?

17 A. Not to perform the task that I was
18 asked to do, which is to verify the
19 performance of the model.

20 Q. Okay.

21 A. Not to --

22 (Court reporter requests
23 clarification due to overlapping
24 speakers)

25 A. I didn't need to do that in order

1 scoring system."

2 Do you see that?

3 A. Yes. I do. I do see that.

4 Q. Okay. And can you identify for
5 me, please, who those additional sources are?

6 A. Well, I describe them in here as
7 the Warehouse data and -- I'm looking for the
8 names of them -- and the -- the Observed data
9 and the Warehouse data and also ADSI.

10 Q. And is Warehouse a place?

11 A. It's the name of a dataset. It's
12 a set of data that they received and named it
13 as the Warehouse data.

14 Q. And where did that data come from?

15 A. A source that was obtained after
16 they made the model. And that's the critical
17 piece.

18 Q. And I'm not -- this isn't a gotcha
19 question. I'm just asking what was the
20 source.

21 A. It came in the same dataset.

22 Q. What is the --

23 A. The Warehouse set.

24 MR. NELSON: This is Nelson. Hey,
25 Tyler, I'm sorry, are you asking him who

1 gave him the data or who the Warehouse
2 is?

3 MR. ATKINSON: Who the Warehouse
4 is.

5 MR. NELSON: Oh, okay.

6 A. I don't know the exact entity of
7 the Warehouse. I'm not sure that it is
8 something that's supposed to be described at
9 this moment. It's not relevant for what I
10 did, where the source of it, though. It's
11 not something I relied on, what the exact
12 source is, in where that data -- in where,
13 quote, the Warehouse is.

14 Q. So you didn't care where that data
15 came from in terms of where the source of the
16 Warehouse data came from? What is the
17 Warehouse, that didn't matter to you?

18 A. It's not important for doing the
19 out-of-sample testing and verifying the
20 performance of the model.

21 Q. And that's not something you
22 looked into in terms of what is Warehouse.
23 Is it -- you didn't look into that, right?

24 A. So, as I said before, I'm not sure
25 that that's -- I don't know if that

1 information is public or not, but I don't
2 know whether I'm supposed to be describing
3 that. But its source is not relevant for the
4 analysis that I did. Other than that it
5 involves, you know, Cisco products and they
6 collected the relevant data for that.

7 Q. Is Warehouse a reseller?

8 A. So the dataset has the entire
9 stream of the product prices. So it's prices
10 to the end-user. That's what's relevant.

11 Either --

12 Q. Can I just ask you what --

13 A. It's either the ERP or the point
14 of sale is where the data is coming from.

15 And those are the --

16 Q. Is it your understanding Warehouse
17 is a reseller?

18 A. It doesn't -- it's not relevant to
19 me whether it's a reseller or not, because I
20 have the prices for the product listed in the
21 dataset at either -- at two points in the
22 stream there. So it matters that I have
23 those prices for the products.

24 Q. Regionally, what region was
25 Warehouse selling these products?

1 A. Again, that's not relevant for me
2 to know. It's not relevant to the testing
3 outside of the development sample, so that I
4 -- that information isn't relevant to the
5 model. Not needed to validate the system.

6 Q. And when I ask for the identity of
7 the Warehouse, are you withholding any
8 information on grounds of privilege?

9 A. Well, I'm not sure whether I'm
10 supposed to be talking about that or not. If
11 someone can instruct me, that might be
12 helpful.

13 MR. NELSON: This is Nelson. So I
14 think one question is that Mr. Atkinson
15 is trying to get at is whether you know
16 the identity of the Warehouse. I think
17 you can answer that yes or no. And then,
18 depending upon that answer, then we could
19 deal with whether or not -- whether or
20 not a privilege applies.

21 A. Okay. I believe I did know the
22 identity. I don't remember the name, as I
23 sit here right now.

24 Q. Do you have any documents that
25 identify what Warehouse is?

1 A. No. I didn't find that it was
2 relevant for my analysis. So I believe I had
3 an understanding of who they were, who that
4 was, and how it was collected. But it's,
5 again, it's not relevant to the analysis.
6 It's not important for validating the
7 performance of the metric. That's why I
8 don't have it in the report and partly why I
9 don't remember it right now.

10 Q. And I had the same question for,
11 quote-unquote, "Observed." Do you know the
12 source of the data that's identified as,
13 quote-unquote, "Observed"?

14 A. All right. So I believe I did
15 know it. I don't think it's relevant for the
16 report. I don't remember it at this moment.

17 Q. Are you aware of whether
18 Observed -- what market Observed sold in to
19 regionally?

20 A. I don't recall. I think I did
21 know it at one point, but I wouldn't need to
22 know it in order to do this analysis. That
23 is, not only did I not use it, but it
24 wouldn't be relevant as a part of testing the
25 out-of-sample performance of this metric, of

1 this risk scoring system and the underlying
2 metrics.

3 (Court reporter requests
4 clarification)

5 A. It wouldn't be relevant for
6 validating the model, the Cisco model, and
7 the underlying metrics.

8 Q. And, Dr. Levy, is it your
9 understanding that the Warehouse dataset is
10 based on products that were held out as new,
11 genuine products?

12 A. The model that I'm developing here
13 is for new, genuine products. So it could
14 be -- if the model is -- if there are not
15 new, not genuine products in it, it would
16 probably fit less well. That is, the model
17 wouldn't fit those data points as well.

18 So applying the model to some
19 other type of location, different structure,
20 if it's not fitting, it would fit less well
21 in places that are decidedly -- you know, you
22 would see that in a lower performance of the
23 model.

24 Q. Okay. We'll get back to that.
25 Sorry, did you want to say something?

1 to see how well it predicts. So you want to
2 make sure that the variables that are in the
3 dataset, or we want to check whether the
4 variables in the dataset are handled the same
5 way for the different observations, make sure
6 that that logic of the way it is put together
7 is there. And then after that, the real
8 issue is what model does the -- what comes
9 out of it, and how well does it predict
10 out-of-sample.

11 Q. I'd like to turn to Page 5.

12 A. Okay. I'm on 5.

13 Q. Okay. Yeah. It says, "Cisco's
14 Counterfeit Detection Metric" at the top.

15 A. Yes.

16 Q. Are you aware of whether Cisco's
17 counterfeit detection metric has been
18 peer reviewed?

19 A. I'm not aware of whether it has or
20 not. A peer review I understand to mean --
21 my understanding of it is for academic
22 research.

23 I don't think they tried to
24 publish this. I don't think they made any
25 attempt to do that, because I -- it's not my

1 understanding that they wished to attempt to
2 publish this.

3 Q. And it's not your understanding
4 it's been published, right?

5 A. This is outside of what I know
6 about, but I can say it would be quite
7 surprising.

8 Peer review is for academic
9 research like professors do. I don't -- so
10 I'm unaware of whether it was peer reviewed
11 in the term that you're using. I'm not aware
12 of research that people are doing inside
13 companies that isn't done for publication it
14 gets peer reviewed.

15 I am reviewing it, and I think
16 that's the idea behind it. But to get
17 something peer reviewed, as I understand the
18 term, would mean that they would then -- it
19 would have to have been submitted for
20 publication. A journal will only peer review
21 something if you agree to have it published.

22 Q. And this model hasn't been
23 published, right?

24 A. I am not aware of that issue. I
25 am not aware of that topic.

1 Q. Okay.

2 A. It would be irrelevant to me
3 whether it was or wasn't.

4 Q. Okay. And the Cisco detection
5 metric, is it used by anyone other than Cisco
6 to your knowledge?

7 A. I don't -- so I'm having a little
8 trouble with this. I think it's -- it can't
9 be, because it's based on Cisco's specific
10 data. So there may as well be some --

11 Q. Okay.

12 A. There may be something that's very
13 similar at another company, and I think there
14 are things that are conceptually similar.
15 But unless you have Cisco data, you can't use
16 this exact same model.

17 Q. Right. You mentioned you've
18 reviewed the Cisco model. Are you aware of
19 other people outside of Cisco who've reviewed
20 the model that you looked at?

21 A. Other than myself and people who
22 were working with me, other people from
23 Sideman, no.

24 Q. Okay.

25 A. And you're including also outside

1 it and that's why it's dated that. I have no
2 knowledge of that.

3 Q. When did you start writing this
4 report?

5 A. Well, in some ways, probably weeks
6 prior to this. But that could well have been
7 just, you know, the section at the top laying
8 out an outline, you know, what my task was,
9 what I was asked to analyze. So I would
10 often write that down at the beginning of the
11 project.

12 So the writing is sort of ongoing.
13 But I might have started writing that quite a
14 long time before this was filed. Sometime
15 this year, but I don't recall when I first
16 started laying, you know, laying out what the
17 tasks were and maybe even collecting up some
18 of the, you know, the appendix material.

19 Q. So I don't want to know about the
20 content of any draft reports that you wrote.
21 But approximately how many drafts did you
22 send to the Sideman firm?

23 A. Well --

24 MR. NELSON: Actually, belated
25 objection. So I guess any kind of draft

1 Q. Sure. Is it correct that 36 out
2 of 54 transceivers that Cisco looked at it
3 deemed as counterfeit?

4 A. Yes, I believe that's true.

5 Q. Okay.

6 A. In the set you just described.

7 Q. Right. This is the set from the
8 Broker of transceivers only analyzing records
9 that have non-missing Cisco net price POS,
10 correct?

11 A. Correct.

12 Q. Okay. And so is it your
13 understanding that as to this pool of 54
14 transceivers, someone with Cisco looked at
15 some form of evidence and determined
16 two-thirds of the time that what they had
17 there was a counterfeit; isn't that correct?

18 A. For this product, the transceivers
19 in the Broker dataset, yes.

20 Q. Okay. And is Table III limited to
21 high risk only? Does it exclude low and
22 medium risk?

23 A. Well, it has all of the ones that
24 were counterfeit and/or genuine, and it's how
25 many were categorized as high risk. So

1 BY MR. ATKINSON:

2 Q. Dr. Levy, if you could go back a
3 couple pages to Page 9 Table III. I just
4 wanted to ask you a question about Table III.

5 Do you see it?

6 A. I'm there. All set. Thank you.

7 Q. Okay. Do I understand correctly
8 that 38.9 percent of the time, the Cisco
9 metric predicted that product was high risk
10 when in fact it was genuine? And I'm talking
11 about transceivers.

12 A. So I wouldn't say it's predicted.
13 This is the in-sample part. So within the
14 sample, which is not the measure of how well
15 the metric is performing, within the dataset
16 in which it was created, that's what it's
17 predicting; that genuines -- of 18 genuines,
18 7 of them were listed as calculated as high
19 risk.

20 Q. Right. So nearly 40 percent of
21 the -- strike that.

22 Of this sample, the model
23 says/predicts that nearly 40 percent were
24 high risk when in fact they were genuine,
25 correct?

1 A. Well, it's not, in a sense,
2 predicting. I mean, this is where they're
3 constructing the metric. So it's a different
4 concept a little bit.

5 So to find out how well the metric
6 is performing, you have to take how that
7 metric is constructed because it was built,
8 in part, on this dataset. So you have to
9 take it to another dataset to see how well it
10 performs out-of-sample.

11 In the dataset -- in this dataset,
12 somewhere between, that's not -- because of
13 the small numbers, it's not very precise in
14 this because there aren't very many in the
15 transceivers. So you could see that the
16 confidence intervals on that, the upper and
17 lower bound, are very broad. And this is the
18 in-sample part. So it's not a measure on how
19 well the metric is performing out-of-sample,
20 which is what is the relevant part.

21 Q. So in-sample, the upper bound is
22 64 percent. It was predicting in-sample that
23 more than 64 percent were high risk when, in
24 fact, they were genuine.

25 A. All that's really saying is that

1 there aren't very many observations in this
2 in-sample part.

3 Q. Okay.

4 A. That this is not precise.

5 Q. Not many --

6 (Court reporter requests
7 clarification due to overlap)

8 A. So there aren't many observations
9 here. So here in looking at those numbers,
10 it is not a very precise estimate. But also
11 on top of it, this is the in-sample part; and
12 to evaluate how well it's performing, you
13 need to look out-of-sample.

14 So the percents that you're
15 talking about are pretty broad. And on top
16 of it, you need to look out-of-sample to see
17 how well the metric actually worked.

18 Q. And is it the case that there are
19 not many in-sample observations of
20 transceivers?

21 A. Yeah. I think that's true. It's
22 the relatively smaller population.

23 Q. Okay. Turning to Page 11,
24 Table IV, the "Logit Regression for Switches
25 in Broker Dataset," when it says "Number of

1 Q. It's not relevant? The 38.9

2 percent is not relevant to you?

3 A. Well, what it's saying is

4 out-of-sample is where the test is done.

5 Out-of-sample testing means that you're

6 testing it on a fresh dataset in which you

7 did not use the data to construct the model.

8 And in that said, it's predicting genuines as

9 not high risk.

10 Q. You said -- you used the word

11 "relevant," and I just want to be clear, do

12 you think the 38.9 percent in-sample rate is

13 relevant to your analysis?

14 A. It's relevant in that I'm using it

15 to construct the out-of-sample test. But the

16 point of this is, as I say in the paper, the

17 out-of-sample testing is the test of the

18 measure.

19 Q. Do you think that it's significant

20 that your in-sample, high risk rate for

21 genuine was 38.9 percent but your

22 out-of-sample drops to zero? I mean, I

23 understand you think that it's good that it's

24 zero, but that's a pretty significant swing,

25 is it not?

1 this case.

2 Q. Okay. And so you were retained

3 March 25, 2020; is that correct? That's when

4 you signed the letter?

5 A. That's when I signed the letter,

6 yes.

7 Q. And just I'll move the screen over

8 to that page. Okay. Just a moment.

9 A. Yup.

10 (Pause.)

11 A. Oh, there it is. Okay. I see it.

12 MR. ATKINSON: I'd like to take a

13 two-minute break. We're very close to

14 the end.

15 (Proceedings recessed at

16 8:42 p.m., and reconvened at 8:46 p.m.)

17 BY MR. ATKINSON:

18 Q. Okay. Dr. Levy, I wanted to ask

19 you just a question that came up. When we

20 look at your expert report, if you could

21 please refer back to your revised expert

22 report. In particular I'm looking at I

23 believe it's Page 13. And I'll give you a

24 moment to pull it up. Actually, it's

25 Page 12, and I'm looking at Table V.

C E R T I F I C A T E

COMMONWEALTH OF MASSACHUSETTS)

) ss.:

COUNTY OF SUFFOLK)

I, MaryJo O'Connor, a Notary Public
within and for the Commonwealth of
Massachusetts, do hereby certify:

That DANIEL S. LEVY, Ph.D., the
witness whose deposition is hereinbefore set
forth, was duly sworn by me and that such
deposition is a true record of the testimony
given by such witness.

I further certify that I am not
related to any of the parties to this action
by blood or marriage; and that I am in no way
interested in the outcome of this matter.

IN WITNESS WHEREOF, I have
hereunto set my hand this 18th day of May,
2020.

MaryJo O'Connor

MaryJo O'Connor, RDR/RMR

EXHIBIT E

HIGHLY CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER

EXPERT REPORT
of
Greg J. Regan, CPA/CFF, CFE

CISCO SYSTEMS, INC., and CISCO TECHNOLOGY, INC.

v.

ADSI, et al

Case No. 4:18-cv-07602 YGR

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

HIGHLY CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER

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1. Introduction

1. The opinions expressed in this report and information presented in the accompanying schedules are my present opinions. Amendments or supplements to this report may be required because of developments prior to or at the trial, including the testimony of witnesses in this matter. I anticipate using documents reviewed in connection with preparing this report, and additional graphics illustrating concepts described herein, at trial.

a. Nature of Assignment and Summary of Opinions

2. Sideman & Bancroft LLP has retained me on behalf of Cisco Systems, Inc., and Cisco Technology, Inc. (Cisco), through my employer, Hemming Morse LLP. I was asked to measure economic recoveries available to and damages suffered by Cisco related to the actions of the defendants.¹ In addition, I expect to analyze any findings of and, if necessary, respond to defendants' damages expert.

3. I have reviewed Cisco's claims for relief.² These claims relate to the defendants' alleged actions to distribute and sell non-genuine "Cisco"³ products or products that otherwise infringed Cisco's trademarks.⁴ Based on Cisco's claims, I have calculated 1) Cisco's lost profits and 2) the defendants' unjust enrichment.⁵

¹ I have assumed that Cisco establishes liability for purposes of my analysis. Defendants include Zahid "Donny" Hassan Sheikh ("Donny"), IT Devices Online, Inc. ("IT Devices"), Advanced Digital Solutions International ("ADSI"), PureFutureTech LLC ("PureFutureTech"), K & F Associates, LLC ("K & F"), Shahid Sheikh ("Shahid"), Kamran Sheikh ("Kamran"), Farhaad Sheikh ("Farhaad"), Imran Husain ("Husain"), and Jessica Little aka Jessica McIntosh personally and dba McIntosh Networks ("Little").

² Second Amended Complaint for Damages and Injunctive Relief (SAC), pp.18-23.

³ For purposes of this report, I have attempted to identify sales of non-genuine Cisco products using the phrase "Cisco" products.

⁴ I am not offering an opinion on how such non-genuine Cisco products should be classified (*e.g.*, counterfeit or otherwise). For purposes of this report, I refer to these products as non-genuine.

⁵ Cisco may only be able to recover defendants' profits to the extent they are not duplicative of Cisco's lost profits. See AICPA Practice Aid, *Calculating Intellectual Property Infringement Damages*, pp.93.

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Recovery or Damages related to: ⁶ <i>\$s in millions</i>	Cisco Lost Profits ⁷	Defendants' Profits ⁸
Apparent non-genuine product purchased by defendants from Link-US. <i>See</i> § 4.	\$0.144	\$0.034
Apparent non-genuine product purchased by defendants from Vodanet. <i>See</i> § 5.	\$0.063	\$0.027
Products sold by defendants later tested by Cisco and identified as non-genuine. <i>See</i> § 6.	\$0.038	\$0.019
Apparent non-genuine transceiver products sold by defendants. <i>See</i> § 7.	\$4.776	\$0.798
Other products sold by defendants without data regarding the vendor that supplied the product. <i>See</i> § 8.	\$1.629	\$0.921
Total ⁹	\$6.649	\$1.800

4. I also understand that statutory and punitive damages may apply and I additionally understand that treble of damages and attorneys fees may apply. If I am asked to calculate these amounts, I am able to do so.

5. My present opinions are described throughout this expert report. I am performing this expert witness engagement in accordance with the American Institute of Certified Public Accountants' (AICPA) *Statement on Standards for Forensic Services*. These standards require me to be impartial, intellectually honest, and free of conflicts of interest.

b. Qualifications

6. I am a Certified Public Accountant (CPA), licensed in California and New York. I hold the Certified in Financial Forensics (CFF) certification from the AICPA. I obtained my undergraduate degree from Georgetown University and Master in Business Administration with an emphasis in Corporate Finance from the University of San Francisco.

⁶ These measures of recovery are available for trademark infringement as described in AICPA Practice Aid, *Calculating Intellectual Property Infringement Damages*, p.20. *See also*, § 35 of the Lanham Act, 15 U.S.C. §1117, (a) Profits; Damages and Costs; Attorney Fees: "When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action..." <https://www.law.cornell.edu/uscode/text/15/1117>

⁷ These amounts do not include prejudgment interest. The methodology to calculate prejudgment interest is presented in § 9 and the related amounts are presented in the schedules hereto.

⁸ The amounts by defendant are separately presented for each category of damages in the schedules attached hereto.

⁹ *See* Schedule 1.0 for the calculation of these amounts and references to underlying schedules.

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7. My work in the accounting profession includes experience as an auditor at Ernst & Young LLP, as the Controller of a publicly traded company, and as a consultant. I have worked on many complex litigation matters. My work has involved analysis of lost business value, lost profits, and other forms of economic damage involving entities across a diverse range of industries, such as high technology, retail, health care, and real estate.

8. I am a member of the California Society of Certified Public Accountants (CalCPA) and currently serve as the Chair of its statewide Forensic Services Section.

9. I am also a member of the AICPA. I recently completed a three-year term on the AICPA's Forensic & Valuation Services Executive Committee. This nine-member committee establishes professional standards and guidance for practitioners performing consulting services that require the application of forensic accounting or valuation-related methodologies. I was the Chair of the AICPA's Economic Damages Task Force from 2010-2013 and continue to serve as a member of this task force. In 2012, I received the AICPA's Forensic Services Volunteer of the Year.

10. I am also a Certified Fraud Examiner (CFE), which is a designation of the Association of Certified Fraud Examiners (ACFE). CFEs are frequently called upon to investigate matters involving counterfeit products, including alleged intellectual property theft.¹⁰

11. My expert qualifications, including testimony in the last four years and publications authored, are described in Appendix A. These publications include materials relevant to this matter such as AICPA practice aids entitled "Calculating Lost Profits" and "Attaining Reasonable Certainty in Economic Damages Calculations."

12. My firm is being compensated for my review and analysis in this matter at my standard hourly rate, which is currently \$530 per hour. My compensation is not contingent on the outcome of this matter.

c. Evidence Considered

13. I have studied and evaluated documents that were provided to me by counsel, as well as documents obtained from the public domain. I have also reviewed the transcripts of depositions of various people from this matter. Appendix B to this report summarizes these sources of evidence.¹¹ This evidence is of the type that would ordinarily be relied on by a damages expert.

¹⁰ See, e.g., The Fraud Examiner, Buyer Beware: Intellectual Property Theft Can Lead To Counterfeiting (<https://www.acfe.com/fraud-examiner.aspx?id=4294985057>, accessed April 13, 2020).

¹¹ For purposes of clarity, I have relied on all the documents cited in this report and the accompanying schedules.

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2. Overview and Background

a. Cisco

14. Cisco is a worldwide leader in developing and providing information technology products.¹² Cisco's customers include governments, public institutions, businesses, and service providers.¹³

15. Cisco maintains numerous trademarks.¹⁴ Cisco alleges that the defendants made unauthorized uses of Cisco's trademarks in connection with the sale of non-genuine Cisco products.

b. Cisco's Product Sales Cycle

16. Cisco sells products to customers directly, as well as through third-party vendors and channel partners.¹⁵ Cisco's "Authorized Channel Partners" or "Partners" interface with customers for Cisco products and services.¹⁶ These Partners identify sales opportunities, assist customers in selecting products, conduct the sales, supply the products and provide support.¹⁷

17. Cisco's distributors purchase and hold product inventory from which sales are made to other resellers.¹⁸ Distributors purchase products from Cisco at a discount from Cisco's Global List Price (GLP).¹⁹ Distributors are permitted to sell Cisco products to Partners at a discount negotiated between the distributor and Partner (considered standard discounts).

18. In the United States, Partners purchase Cisco products from distributors, on-average, at approximately 58%-62% of GLP (*i.e.*, a 38-42% discount from Cisco's GLP).²⁰

¹² See, e.g., Cisco 2018 Annual Report "About Cisco."

¹³ Cisco 2018 Annual Report, p.1.

¹⁴ See, e.g., <https://www.cisco.com/c/en/us/about/legal/trademarks.html> (accessed March 25, 2020).

¹⁵ Cisco 2015 Annual Report, p.10, "A substantial portion of our products and services is sold through our channel partners, and the remainder is sold through direct sales. Our channel partners include systems integrators, service providers, other resellers, and distributors." See also, Cisco 2018 Annual Report, p.5.

¹⁶ Discussion with Charles Williams on April 17, 2020.

¹⁷ *Id.*

¹⁸ Cisco 2015 Annual Report, p.10. See also, Cisco Worldwide Partner Organization, Partnership Integrity (accessed at https://www.cisco.com/c/dam/en_us/partners/program/documents/partnership-integrity-initiatives.pdf on April 13, 2020).

¹⁹ Discussion with Charles Williams on April 17, 2020.

²⁰ *Id.*

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Cisco's distributors typically purchase products from Cisco at discounts, however, I understand the maximum discount is typically 42%.

19. Cisco relies on contract manufacturers for its manufacturing needs.²¹ Cisco has developed sophisticated inventory management processes related to products held by its distributors.²² From 2015 onwards, Cisco has maintained an inventory turnover of approximately 12.²³ This metric means that Cisco cycles its entire inventory balance 12 times or, on-average, monthly. This turnover rate is demonstrably higher than Cisco's peer companies.²⁴ Generally, a higher turnover rate indicates a tightly managed purchasing function.²⁵

c. Defendants

20. The table below summarizes my understanding of the defendants and the businesses operated by the defendants:

Entity	Nature of Business	Owned and/or Operated By²⁶
IT Devices Online ²⁷	Operated at least in part in Fremont, California. Imported non-genuine Cisco products. ²⁸	Donny Sheikh
ADSI ²⁹	Reseller of technology products based in Fremont, California. Imported and sold non-genuine Cisco products. ³⁰	Shahid Sheikh Farhadd Sheikh

²¹ See, e.g., Cisco 2018 Annual Report, p.8.

²² See, e.g., Cisco 2015 Annual Report, pp.21, 41.

²³ Schedule 12.1.

²⁴ Schedule 12.2.

²⁵ Inventory Turnover Formula, <https://www.accountingtools.com/articles/2017/5/16/inventory-turnover-formula> (accessed April 13, 2020).

²⁶ SAC ¶¶ 11-13.

²⁷ SAC ¶ 7.

²⁸ SAC ¶¶ 37-40.

²⁹ Defendants ADSI, Purefuturetech, Kamran Sheikh, and Farhaad Sheikh's Answer to Plaintiffs' SAC ¶ 13 (indicating Farhaad Sheikh was the CEO of ADSI). See also, <https://www.adsii.com/shop/aboutus> (accessed March 25, 2020). The California Secretary of State's data indicates that Agent for Service of Process for ADSI is Shahid Sheikh.

³⁰ SAC ¶ 41.

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Entity	Nature of Business	Owned and/or Operated By ²⁶
K&F Associates LLC ³¹	Reseller of technology products based in Fremont, California. Imported and sold non-genuine Cisco products. ³²	Shahid Sheikh ³³
PureFutureTech LLC ³⁴	Reseller of technology products based in Pleasanton, California. Imported and sold non-genuine Cisco products. ³⁵	Kamran Sheikh ³⁶ Shahid Sheikh ³⁷
McIntosh Networks ³⁸	Importer for products seized by U.S. Customs and reported to Cisco. ³⁹	Kamran Sheikh ⁴⁰ Jessica Little ⁴¹
Uddin Networks ⁴²	Imported non-genuine Cisco products. ⁴³	Nabia Uddin Shahid Sheikh ⁴⁴

³¹ SAC ¶ 10. *See also*, <http://kandfassociates.com/#about-us.php> (accessed March 25, 2020). This entity also was referred to as tapeforbackup.com and The Network Hardware.

³² SAC ¶ 71.

³³ Ex. 7 (Sadaghiani).

³⁴ SAC ¶ 9. *See also*, <http://purefuturetechnology.com/> (accessed March 25, 2020).

³⁵ SAC ¶ 70.

³⁶ *See, e.g.*, Exs. 3 and 4 (Sadaghiani) (indicating Karman Sheikh was the agent for service of process and Manager).

³⁷ According to Shahid Sheikh, he has no involvement with this entity (Sheikh Tr. 230:9-15), which is contradicted by the testimony of Kamran Sheikh.

Note: All references to the Sheikh Tr. are to Shahid. Sheikh's deposition on September 10, 2019 unless otherwise noted.

³⁸ SAC ¶¶ 49-51, 53-61.

³⁹ *See, e.g.*, Exs. 22, 25 (Little).

⁴⁰ Ex. 21 (Little) (indicating 1) Ms. Little expected Kamran Sheikh to pay for the UPS Box in Reno, Nevada, 2) the address for McIntosh Networks was 4255 Business Center Drive, Fremont, CA, which was ADSI's business address, and 3) that the business phone number was Kamran Sheikh's mobile phone number).

⁴¹ Ex. 21 (Little) (indicating Jessica Little registered for a UPS Box at The UPS Store in Reno, Nevada for McIntosh Networks). Ms. Little testified, however, that she had not heard of a company named McIntosh Networks. (Little Tr. 53:12-14.)

⁴² SAC ¶ 45-49. Ms. Uddin testified that she was instructed to form Uddin Networks by Shahid Sheikh (Uddin Tr. 112:21-113:17).

⁴³ Uddin Tr. 118:5-10 and 121:5-7.

⁴⁴ Uddin Tr. 266:14-24 (indicating that Mr. Sheikh reimbursed Ms. Uddin for the fees incurred to establish the entity).

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21. These entities are not affiliated with Cisco or authorized sellers of products using Cisco's trademarks.⁴⁵ Such entities that do not have an agreement with Cisco to sell product are referred to as brokers.⁴⁶

d. Allegations Regarding Non-Genuine Cisco Products

22. Cisco alleges that the defendants used the entities above for the unauthorized importation, distribution and sale of non-genuine products.⁴⁷ I further understand that ADSI made sales of non-genuine "Cisco" product through ADSI's General Services Administration (GSA) contract.⁴⁸ GSA Schedule Contracts are subject to the Trade Agreements Act (TAA) that requires products available for purchase to have been manufactured or "substantially transformed" in the United States or a TAA "designated country."⁴⁹

3. Sales of "Cisco" Product by the Defendants

a. Summary of Transaction Data Provided by ADSI-affiliated Entities

23. I understand that the Defendant entities have not produced relevant and complete accounting records including, inventory purchasing data such as the supplier name, and sales data such as end customer names. In certain circumstances, as described herein, the missing information requires assumptions to be made. I understand that additional information may be produced that may allow me to verify these assumptions. In that event, I reserve the right to supplement my report.

i. *ADSI*

24. The data produced by ADSI reported approximately \$4.1 million of sales during the years 2015 to 2018.⁵⁰ Approximately 50% of these sales were to K&F, a related party, at little-to-no profit. Netting obvious related party sales, ADSI's sales to third parties total \$2.1 million. Of this amount, ADSI's data indicates that approximately \$1.3 million was sold pursuant to GSA contracts.⁵¹

⁴⁵ SAC ¶¶ 36 (IT Devices), 43-45 (ADSI – terminated by Cisco in May 2015).

⁴⁶ Carter Tr. 28:4-12.

⁴⁷ SAC ¶ 34.

⁴⁸ SAC ¶¶ 41, 49. *See also*, Sheikh Tr. 252:16-25 (indicating that ADSI had a segment of its business that sold to the GSA), Exs. 17, 81-92 (Sheikh) referencing contracts for the sale of products to the U.S. Government, including contract numbers GS-35F-0032Y and GS-02F-0032R.

⁴⁹ Ex. 13 (Sheikh).

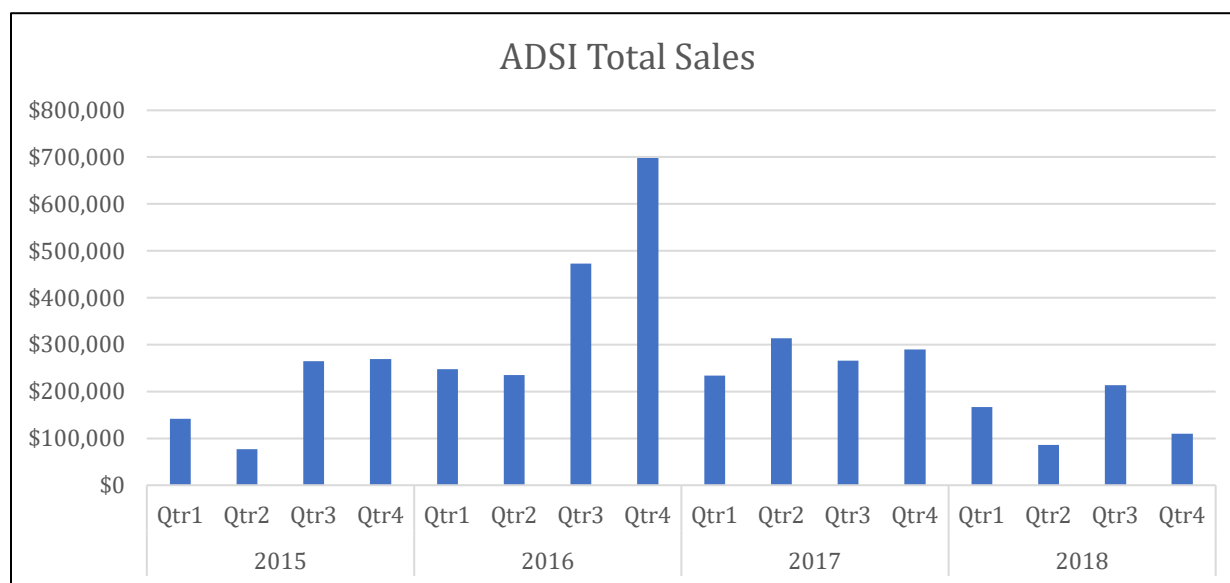
⁵⁰ Schedule 10a.

⁵¹ These sales were identified as GSA Contract GS-35F-0032Y (70) and GSA Contract GS-02F-0032R (75).

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25. ADSI's transaction data is missing useful information. For example, ADSI has not produced information regarding the serial numbers of sold products. Similarly, while ADSI's data has a field entitled "our_vend" that purports to identify the vendor from which ADSI acquired the product, this field is not populated for the vast majority of sales.

26. As illustrated in the table below, ADSI's sales data exhibits inconsistent patterns, which may indicate that the data is incomplete. Defendants, for example, Kamran Sheikh, would not answer questions regarding the completeness of the sales data produced for ADSI.⁵² I reserve the right to update my analysis if additional sales data is identified:



ii. K&F

27. The data produced by K&F reported approximately \$3.5 million of sales during the years 2015 to 2018.⁵³ Approximately \$0.2 million of these sales were to ADSI. K&F's transaction details do not contain data related to the acquisition price of these products.

28. The defendants' data does include information to identify the customer for approximately \$1.2 million of these sales. Moreover, K&F's transaction data does not identify the vendor that supplied the products other than the limited instances in which K&F acquired product from ADSI.⁵⁴

⁵² Kamran Sheikh Tr. 130:6-17.

⁵³ Schedule 10a.

⁵⁴ Sheikh Tr. 215:18-216:24 (indicating K&F purchases Cisco product from ADSI).

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29. In addition, it appears that the defendants' also used an entity, The Network Hardware to make certain additional sales. Based upon my analysis to date, it appears that The Network Hardware sales are included in the K&F transaction data.

30. Defendants, for example, Farhaad Sheikh, would not answer questions regarding the completeness of the sales data produced for ADSI.⁵⁵ Moreover, Defendants would not answer questions regarding whether the financial documents it provided were reliable.⁵⁶ I reserve the right to update my analysis if additional or corrected sales data is identified.

31. K&F may also have sold products to other affiliated entities for which data is not presently available. For example, approximately \$87,000 of K&F's sales of Cisco products were made to "Esilience Technologies, LLC."⁵⁷ It appears that the address for Esilience may have been established by an ADSI-related individual.⁵⁸

iii. PureFutureTech

32. I am not aware of electronic transaction data produced by PureFutureTech regarding sales of Cisco products, including information that would allow an identification of products as either genuine or non-genuine. There are, however, certain documents identifying approximately \$0.1 million of sales by PureFutureTech of "Cisco" products.⁵⁹

33. I am also not aware of any data from the defendants that enables PureFutureTech's sales to be identifiable within other defendant sales (*e.g.*, K&F data that identifies the vendor that supplied the product). At this time, I have treated K&F's sales as related party sales (*i.e.*, I have not included these sales as to third party customers). To the extent additional information becomes known, I reserve the right to update my analysis.

iv. Other ADSI-Related Entities

34. Based on the evidence I reviewed, the Defendants operated other business entities (*e.g.*, F. Sheikh Group, Watchtower Systems, LLC, and K&F Builders). It is possible that the Defendants used such other affiliated entities to make additional sales of non-genuine Cisco products. At this time, I am not aware of data to quantify such sales. If additional information becomes available, I reserve the right to update my analysis.

⁵⁵ See, *e.g.*, Farhaad Sheikh Tr. 71:19-72:3 and 74:14-25.

⁵⁶ See, *e.g.*, Farhaad Sheikh Tr. 78:6-24.

⁵⁷ KFA00002.

⁵⁸ Exs. 94 and 95 (Sheikh). The individual that registered the address for this entity was Mahmood Shaikh, who provided an address in Lahore, Pakistan. ADSI has employees based in Lahore, Pakistan. The billing information reflected that the address for Esilience was ADSI's address in Fremont, CA.

⁵⁹ See, *e.g.*, Ex. 15.

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b. Identified Instances of Non-Genuine Product Sales

35. U.S. Customs has seized products with the Cisco trademarks intended for delivery to the defendants.⁶⁰ I am not aware of any evidence indicating that the defendants contested the seizures by U.S. Customs.

36. In addition, Cisco has identified numerous instances of the sale of non-genuine products by the defendants.⁶¹ In those instances when the defendants' data allows these transactions to be identified, I have separately analyzed these transactions.⁶²

c. Indications that Defendants Sold Other Non-Genuine Products

37. I am familiar with "red flags" or indicators that products are non-genuine. For example, indicators may include: ⁶³

- High priced products replaced with lower priced alternatives, and
- Discrepancies between a product's description or normal appearance and actual appearance.

38. Similarly, Cisco makes available Brand Protection-related information.⁶⁴ For example, Cisco identifies warning signs of non-genuine product sales, including:

- Products offered a much greater discount than genuine products,
- Products with labels, including Cisco trademarks, that are inconsistent with those found on genuine products, and
- Products without labels.

39. The sub-sections below describe factors relevant to the defendants' sales that I considered for purposes of my analysis of damages.

⁶⁰ Schedule 11.

⁶¹ See, e.g., Ex. 66 (F. Sheikh). See also, Cisco Systems, Inc. and Cisco Technology, Inc.'s Response to First Set of Interrogatories Propounded by Defendant [ADSI] (Cisco Rogs), No.2.

⁶² I was provided with a file entitled "List of Defendant Sales that were Analyzed 04-16-2020 CONFIDENTIAL" that contained the results of Cisco's testing. I have assumed that the conclusions expressed in this analysis were reliable. See, e.g., Ex. 65.

⁶³ See, e.g., ACFE 2014 U.S. Fraud Examiners Manual at 1.1423 "Non-Conforming Goods or Services." See also, *Id.* at 3.221, "Counterfeit Printed Documents."

⁶⁴ See, <https://www.cisco.com/c/en/us/partners/partner-with-cisco/partnership-integrity.html#~tab-protect> (accessed March 25, 2020).

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i. Purchases of Product from Vendors in China and Hong Kong

40. ADSI's data reports purchases from distributors such as Ingram and Synnex.⁶⁵ I understand that these companies are authorized Cisco distributors.⁶⁶ At times, ADSI generated documents that appeared to indicate products had been acquired from such entities.⁶⁷

41. The vendor information for ADSI's sales of "Cisco" products, however, is missing for more than 60% of ADSI's sales, including for 100% of the sales to K&F.⁶⁸ Across all defendants' sales, the vendor information is missing for approximately 73% of sales.⁶⁹ The absence of this data occurred despite the fact that the vendor information was available for majority of transactions.⁷⁰ In my experience, the absence of this data increases the risk that the product was non-genuine.

42. Ms. Uddin testified that ADSI purchased "Cisco" products from Chinese vendors, as well as Vodanet and Atlantix.⁷¹ The determination regarding where to purchase "Cisco" products was an instruction from Ms. Little or Shahid Sheikh.⁷²

43. I have reviewed ADSI records that identify the "Cisco" products purchased from an entity in Wuhan, China. ADSI's records further indicate that the same products were then sold to K&F at, or about, the same price (*i.e.*, without a markup).⁷³ Mr. Sheikh described such sales as an "intraoffice company transfer."⁷⁴ Mr. Sheikh did not take measures such as visiting vendors (*e.g.*, Wuhan Etopcom Technology) or receiving visitors from vendors to mitigate the risk that "Cisco" products purchased from Chinese vendors were non-genuine.⁷⁵

⁶⁵ In some instances, ADSI's data includes information in the field "our_vend" [Our Vendor]. This information includes entries such as ING100, and SYN100 that appear to indicate entities such as Ingram and Synnex, respectively.

⁶⁶ See, *e.g.*, <https://usa.ingrammicro.com/c/communities-smb-mfr-cisco.aspx> (accessed April 16, 2020).

⁶⁷ See, *e.g.*, Ex. 42 at ADSI01455-456 indicating that "Cisco" products had been acquired from Ingram Micro prior to the sale of the products to the U.S. Government.

⁶⁸ Schedule 8.

⁶⁹ As described above, the transaction data produced by non-ADSI defendants did not include information to identify the vendor that supplied the product except in instances when the materials were acquired from ADSI.

⁷⁰ Uddin Tr. 65:19-66:2.

⁷¹ Uddin Tr. 72:13-23.

⁷² Uddin Tr. 75:6-11.

⁷³ See, *e.g.*, Ex. 12 (Sheikh).

⁷⁴ Sheikh Tr. 182:7-23.

⁷⁵ Sheikh Tr. 202:11-203:9.

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44. The table below summarizes the ADSI data where the relevant field, “our_vendor”, appears to be associated with vendors located in Hong Kong or mainland China for all purchases of “Cisco” product:⁷⁶

our_vendor	Expected Vendor	Total Sales
SHE101	Shenzen	\$11,543
WUH100	Wuhan	\$5,890
Total		\$17,433

45. ADSI’s documents also indicate purchases of “Cisco” products from another China-based entity, Pretty Technologies.⁷⁷ Pretty Technologies appears to be the same entity as Wuhan Etopcom.⁷⁸ In numerous instances when ADSI purchased product from Wuhan Etopcom/Pretty Technologies the “our_vend[or]” field was not populated with data. For example, ADSI ordered 36 “Cisco” products with Item Number “SFP-10G-LRM=” from Wuhan Etopcom Technonology (Pretty) in June 2016.⁷⁹ All of the transactions involving the sale of this product are missing an entry in the “our_vend” field (*i.e.*, ADSI’s records do not reflect a purchase of this Item Number from this vendor).⁸⁰

46. In my opinion, the absence of complete and accurate information regarding vendor purchase data, as well as other purchase data such as serial number, increases the risk that the related product is non-genuine.

ii. Products Delivered to Non-Standard Addresses

47. ADSI’s general practice was for purchased product to be delivered to its business address in Fremont, California.⁸¹ In many instances, however, the “Cisco” product was not delivered directly to the defendants’ business address.

48. Specifically, the defendants established delivery addresses in Reno, Nevada and later Portland, Oregon.⁸² Mr. Sheik could not think of a reason why the UPS Box in

⁷⁶ Schedule 8.

⁷⁷ ASDI00099A.

⁷⁸ Wuhan Etopcom Technology and Pretty Technology are either the same or affiliated entities. *See, e.g.*, Ex. 12 (Sheikh) (*i.e.*, compare ADSI-00001 and ADSI-00061 where the vendor number, contact person, and business address were identical for the two companies). *See also*, Uddin Tr. 196:11-197:8 (regarding Ex. 12).

⁷⁹ Ex. 12 (Sheikh) at ADSI-00003.

⁸⁰

⁸¹ Uddin Tr. 219:5-14.

⁸² *See, e.g.*, Ex. 28 (Lau) (indicating that Kamran Sheikh’s credit card was used to pay for the mail box). Ms. Lau testified that Kamran Sheikh asked her to find the UPS box, opened the account, signed the agreement and used his business credit card. (Lau Tr. 101:10-106:13.)

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Reno, Nevada was obtained other than to avoid U.S. Customs.⁸³ Similarly, Mr. Sheik could not think of a legitimate business reason for the defendants' UPS Box in Portland, Oregon.⁸⁴ In fact, Ms. Uddin testified that she was instructed to schedule delivery to a UPS Box when the "Cisco" product was ordered from Hong Kong or China.⁸⁵

49. An ADSI employee received notification when product was delivered to the addresses in Reno or Portland. Thereafter, the product was moved to the UPS Store in Fremont, California.⁸⁶ Ms. Uddin testified that the "Cisco" products were the only products purchased by ADSI delivered to the UPS Store in Fremont.⁸⁷

50. ADSI used other alternative delivery addresses for "Cisco" products. For example, ADSI specified delivery to Prime Solutions, Inc., which had an address adjacent to ADSI in Fremont, California.⁸⁸

51. The electronic transaction data produced by the defendants did not identify the address that product was specified for delivery. Thus, at this time, I have not systematically quantified the extent of this issue. In my opinion, however, the delivery of product to locations other than ADSI's business location in Fremont, California increased the risk the product was non-genuine.

iii. The Defendants Used Unauthorized Product Labeling

52. ADSI employees also affixed labels onto "Cisco" product.⁸⁹ These labels were shipped to ADSI separately from the related product purchases, however, both the labels and product were shipped to one of the defendants' UPS Boxes rather than directly to ADSI.⁹⁰ I understand that genuine Cisco product is shipped with a label pre-fixed on the product.⁹¹

⁸³ Sheikh Tr. 86:6-21.

⁸⁴ Sheikh Tr. 70:4-10..

⁸⁵ Uddin Tr. 108:19-109:1.

⁸⁶ Lau Tr. 112:25-133:5.

⁸⁷ Uddin Tr. 219:15-220:1.

⁸⁸ See, e.g., Ex. 96 (Sheikh).

⁸⁹ Uddin Tr. 134:2-139:4.

⁹⁰ See, e.g., Ex. 7 (Uddin). ADSI personnel also ordered "Cisco" product labels from Pretty Technology. (see, e.g., Uddin Tr. 216:8-17.)

⁹¹ See, e.g., Uddin Tr. 243:16-24.

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iv. The Defendants Did Not Produce Data Identifying Product Serial Numbers

53. A product serial number provides information useful to an assessment of whether a product is genuine. For example, Cisco personnel have the ability to identify the customer that purchased a product based on the product's serial number.⁹²

54. Mr. Sheikh testified that ADSI's policy was to record the serial numbers of products purchased.⁹³ The policy existed to enable ADSI to return purchases if necessary.⁹⁴

55. I am not aware of any data produced by the defendants that identifies the serial number of any "Cisco" product sold by the defendants. In my opinion, the absence of serial numbers in the data supplied during this case, when Mr. Sheikh testified that the data exists, increases the risk the product was non-genuine.

v. The Available Data Indicates that the Transceiver Products Sold by the Defendants Are Non-Genuine

56. According to Ms. Uddin, several of the defendants (Ms. Little, Kamran Sheikh and Shahid Sheikh) each instructed her to purchase "Cisco" products from Hong Kong Ltd, Hong Kong Sellsi Technology, or other vendors in China, more than 100 times.⁹⁵ For example, Ms. Uddin testified that ADSI purchased transceivers with Cisco part numbers such as GLC-LH-SMD, GLC-SX-MMD, GLC-T, and SFP-10G-SR from Pretty Technology.⁹⁶

57. As described above, the defendants' records frequently failed to identify the vendor that supplied the product. The absence of such information was particularly frequent for transceiver products. For example, the following table summarizes the defendants' sales to third parties for the "Cisco" parts addressed by Ms. Uddin:⁹⁷

Item No.	Total Sales (Defendants' Price to Customer)	No Vendor Identified
GLC-LH-SMD	\$176,327	99%
GLC-SX-MMD	\$196,804	96%
GLC-T	\$231,068	96%
SFP-10G-SR	\$285,788	95%
SFP-10G-LR	\$193,826	100%

⁹² Carter Tr. 50:1-10.

⁹³ Sheikh Tr. 142:25-143:24.

⁹⁴ *Id.*

⁹⁵ Uddin Tr. 80:10-23, 197:15-198:16.

⁹⁶ Uddin Tr. 199:5-18 regarding Ex. 7 (Uddin).

⁹⁷ Schedule 5d.

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Item No.	Total Sales (Defendants' Price to Customer)	No Vendor Identified
Total	\$1,083,813	97%

58. Further, the four largest vendors supplying transceiver products that are identified by name in the defendants' data are unusual. Specifically, the largest vendor was Vodanet, which ADSI identified as having supplied approximately 194 transceivers. This data is contradicted by the data acquired directly from Vodanet, which indicates that only 19 transceiver products were sold to ADSI.⁹⁸ This data indicates that the defendants inaccurately attributed product purchases to a different vendor (or no vendor at all). The defendants' second largest transceiver supplier was Link-US, however, Cisco's analysis found that a significant percentage of products supplied by Link-US represent a high risk of non-genuine product.⁹⁹ Defendants' third and fourth largest purported transceiver vendors were K&F and SHE101, which I understand to represent a Shenzhen, China supplier. Thus, even when the defendants' data does identify the source for a transceiver, the product appears to have a high risk of being non-genuine.

59. Finally, "Cisco" transceiver products were amongst the most frequent products seized by U.S. Customs.¹⁰⁰

vi. Commercial terms

60. The defendants' data indicates sales transacting at prices significantly less than Cisco's comparable prices. For example, in March 2018, PureFutureTech made a sale involving "Cisco" products to peopleNComm, Inc.¹⁰¹ At that time, a PureFutureTech representative sent the customer an email containing pictures of boxes with labels that appear to reflect Cisco trademarks.¹⁰² Cisco Brand Protection personnel tested the information represented on the labels in these pictures and concluded that the labels were non-genuine.¹⁰³ The table below summarizes attributes of this transaction:¹⁰⁴

Product	PFT Price	Cisco GLP
3850-24S-S	\$3,391	\$24,518
WS-C2960X-48TS-L	\$938	\$4,578

⁹⁸ Schedule 3d.

⁹⁹ Schedule 2b.

¹⁰⁰ Schedule 11.

¹⁰¹ Ex. 67 (Farhaad Sheikh) at CISCO_PNC000001.

¹⁰² Ex. 67 (Farhaad Sheikh) at CISCO_PNC000005.

¹⁰³ Ex. 68 (Farhaad Sheikh) at CISCO000002597-2601.

¹⁰⁴ Data for the table is derived from Exs. 67 and 68.

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61. The defendants' sale of "Cisco" products at prices significantly below the list price the product was available to Cisco's distributors indicates an increased risk the product was non-genuine. I understand that Cisco incorporates this consideration into its risk scoring analysis, based on Cisco's records for how much it sold the particular serial-numbered product.¹⁰⁵ Cisco's use of this risk factor is consistent with my experience.

d. Implications of the Sale of Non-Genuine Cisco Products

i. *Overall Impact*

62. Cisco undertakes efforts to block the manufacture and sale of non-genuine products.¹⁰⁶ Non-genuine product sales harm relationships with authorized sellers, increase the risk of brand reputation, and reduce revenue and profits for manufacturers such as Cisco.¹⁰⁷

ii. *Cisco Lost Sales and Related Lost Profits*

63. As described in § 2 above, the defendants' actions culminated in the sale of "Cisco" products to customers through a distribution channel. The defendants sold "Cisco" products concurrent to Cisco's active efforts to sell the same products. In other words, the defendants' sales of non-genuine "Cisco" products displaced sales otherwise available to Cisco through its authorized distribution network.¹⁰⁸

64. In fact, Cisco's contemporaneous documents indicate that the defendants' efforts to sell apparent non-genuine "Cisco" products at low prices interfered with efforts to sell genuine Cisco products. For example, in October 2016, Cisco personnel encountered

¹⁰⁵ See, e.g., CONFIDENTIAL Risk Score Results ADSI Link US Sales Data (4.15.20).

¹⁰⁶ See, e.g., Cisco 2018 Annual Report, p.24.

¹⁰⁷ See e.g., "Gray markets: an evolving concern, Unauthorized sales continue to raise costs and damage brand reputation," KPMG, February 25, 2016, p.1, "This unauthorized activity has long been a problem for OEMs, which can lose significant revenue and margin from price erosion, as well as improper sales and marketing discounts and potential brand reputation risk. Further costs include handling end-customer issues caused by inadequate customer service, product handling and installation, and a lack of warranty coverage (which manufacturers often provide, at no cost, to maintain customer relationships)." See also, *Id.* at p.2, "Whenever an unauthorized sourced product enters a market, it competes with the authorized regional source by driving deeper discounting and poses a risk to the OEM's brand reputation. OEMs generally have no visibility into unauthorized sales and cannot ensure that products sold are authentic or undamaged, and are installed and supported properly. Regardless of the cause, however, gray market activity can affect everyone in the supply and value chain negatively."

¹⁰⁸ Actual damages suffered by plaintiff is an available remedy under Section 35 of the Lanham Act, 15 U.S.C. § 1117. Lost profits are a typical measure of actual damages in trademark infringement cases. See AICPA Practice Aid, Calculating Intellectual Property Infringement Damages, pp.44. "In copyright, trademark, trade secret, and trade dress cases, lost profits represent those profits that the intellectual property owner failed to earn as a result of the infringement. The lost sales measure attempts to equate the intellectual property owner's damages with the profits that would have been earned from each lost sale due to the infringer's misconduct."

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an attempt by IT Devices to sell product to a customer.¹⁰⁹ I am not aware of any production of data by the defendants of sales by IT Devices.

65. In some instances, a customer that purchases a non-genuine product transacts at a lower price as compared to if the customer had purchased a genuine product. There are valid reasons, however, why a customer would be willing to pay a higher price for genuine Cisco product as compared to a non-genuine “Cisco” product.¹¹⁰ For example, a customer purchasing a genuine Cisco product is assured that the product has not been modified, particularly in a way that would increase security risk.¹¹¹ Similarly, genuine Cisco product includes licensed software and is accompanied by Cisco guarantees, support and service.¹¹² Critically, a customer that purchases a Cisco product frequently does so because the customer already has Cisco equipment embedded within its network. Thus, the customer has an increased likelihood of purchasing incremental Cisco products due to, for example, known reliability and institutional product knowledge of its staff that enables operational efficiencies.¹¹³

66. I have reviewed testimony from entities that purchased products sold by the defendants’ indicating that the customer intended to purchase genuine Cisco product.¹¹⁴ For example, Richard Love, managed the procurement team for the National Ground Intelligence Center (NGIC).¹¹⁵ Mr. Love testified that Cisco products comprised the majority of NGIC’s network.¹¹⁶ Mr. Love further testified that the products NGIC purchased from ADSI through the GSA were specified by the personnel who were deploying the products based on the determination that Cisco products were required. Mr. Love’s testimony is consistent with my understanding that Cisco products are primary products used in mission critical infrastructure in the United States.¹¹⁷

67. Consequently, I have assumed that, but-for the defendants’ sales, Cisco would have been able to manufacture and sell more product. Indeed, there is significant evidence that Cisco is able to sell products at prevailing prices (*i.e.*, Cisco’s net price to

¹⁰⁹ See *e.g.*, Ex. 4 (Carter) at CISC000000763.

¹¹⁰ Cisco Rogs Nos. 6-7.

¹¹¹ See, *e.g.*, https://www.cisco.com/c/dam/m/sl_si/events/2017/cisco-connect/pdf/ConnectSLO_presentation_Brand-Protection.pdf (accessed (March 25, 2020)).

¹¹² *Id.* See also, Carter Tr. 35:2-7, 112:2-9 and Ex. 4 (Carter) at CISC000000760-761.

¹¹³ Discussion with Charles Williams on April 17, 2020.

¹¹⁴ See, *e.g.*, Tesfaye Tr. 26:8-21 (TJR), MacDougall Tr. (Abaram).

¹¹⁵ Love Tr. 9:16:23.

¹¹⁶ Love Tr. 45:11-19.

¹¹⁷ Discussion with Charles Williams on April 17, 2020.

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distributors).¹¹⁸ Furthermore, the evidence I have seen indicates that the defendants' customers expected to purchase genuine Cisco products and were not driven by pricing considerations. Finally, I have reviewed no evidence that the defendants' customers knew that they were purchasing non-genuine Cisco products and accepted those products because the price was lower than the price for genuine products.

68. A damage analysis is an estimate of the detriment suffered (in this case, by Cisco) because of an unlawful act (in this case, by defendants). Lost profits are a type of economic damage. Generally, lost profits are computed as the revenues that would have been earned but-for the unlawful act(s), less avoided costs.¹¹⁹ Avoided costs are incremental (variable) costs that were not incurred because the revenue was lost.¹²⁰ Lost profits are measured as lost revenues less avoided/incremental costs.

69. I have performed my analyses of Cisco's lost profits assuming that Cisco establishes liability. If Cisco fails to establish liability, its damages are zero. I have also employed the following assumptions.¹²¹

Assumptions and Data Provided	Supporting Data
Cisco List Prices	The file entitled "Cisco GLP" was provided by Cisco to represent applicable product list prices. ¹²²
Cisco Product Families	The file entitled "PIDS for product families 041620" ¹²³ was provided by Cisco to identify the applicable product family for each unique product type sold by the defendants.
Standard Discount Levels for Cisco Products Sold to Cisco Distributors	Discussion with Chuck Williams.
Risk Scored vendor transactions data	I was provided with the results of risk scored transaction data from two vendors that defendants indicated supplied "Cisco" products. ¹²⁴

¹¹⁸ Discussion with Charles Williams on April 17, 2020.

¹¹⁹ AICPA, Calculating Lost Profits, p.23.

¹²⁰ AICPA, Calculating Lost Profits, p.42.

¹²¹ In certain instances, further assumptions were employed develop certain calculations herein. These assumptions are identified in the relevant sections below.

¹²² The defendants' electronic transaction data does not appear to have used Cisco's PIDs consistently. As a result, at this time, I have not been able to match approximately \$0.7 million of defendants' sales with a corresponding PID on Cisco's GLP (*see* Schedule 10a). To the extent that the GLP amount for additional products sold by defendants is identified, I reserve the right to supplement my analysis.

¹²³ PID is a term used for product identification number.

¹²⁴ See files entitled "CONFIDENTIAL Risk Score Results ADSI Link US Sales Data (4.15.20)" and "Vodanet 2020-04-16 CONFIDENTIAL."

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70. The final assumption described in the table above relates to Cisco's transaction risk scoring. I obtained data summarizing Cisco's testing of approximately 1,800 transactions involving possible non-genuine product sales.¹²⁵ Cisco's testing applies a risk scoring algorithm based on eight separate factors. These factors include attributes of each product sale, [REDACTED]

[REDACTED]¹²⁶

ct sale is High Risk, Medium Risk, or Low Risk for being non-genuine. In this way, Cisco determines how likely a product matches a particular risk score. For example, if 100 switches are risk scored as "High Risk," and 95 are determined to be non-genuine after testing, Cisco concludes that a "High Risk" switch is 95% likely to be counterfeit. As described in § 3, in my opinion, Cisco applies reasonable factors for such an analysis and Cisco's conclusions appear to be reasonable.¹²⁷

iii. Defendants' Unjust Enrichment

71. An alternative measure of Cisco's damages is the defendants' alleged unjust enrichment.¹²⁸ That is, to what extent did the defendants' profit from the alleged harmful act? The identified amount may be disgorged from the defendants to compensate Cisco.¹²⁹ This measure of damages is frequently used in litigation involving trademark issues such as this dispute.¹³⁰

72. Generally, I calculated the revenues earned by sales of the products through documents and, where applicable and supported, reduced such revenues by costs incurred by Defendants because of the sales.¹³¹ Consequently, in the sections below, I analyze the

¹²⁵ Schedule 2f, which analyzes the Cisco data in the file entitled "Combined Risk Score Results for Expert (4.15.20)." The products involved in this matter primarily involve three product families (switches, transceivers, and modules). Thus, the number of relevant purchases in Cisco's analysis is less than 1,800.

¹²⁶ See, e.g., "CONFIDENTIAL Risk Score Results ADSI Link US Sales Data (4.15.20)."

¹²⁷ I understand that Cisco has retained Dr. Daniel Levy to examine Cisco's risk scoring approach. I further understand that Dr. Levy is expected to opine that Cisco's methodology results in a reliable methodology of predicting whether a product is likely to be non-genuine. Dr. Levy's report will be issued concurrent with the issuance of my report. I intend to review Dr. Levy's report to ensure that his opinions are consistent with my application of Cisco's risk-scoring data.

¹²⁸ AICPA Practice Aid, *Calculating Intellectual Property Infringement Damages*, pp.20 and 78, including "Unjust enrichment is an alternative damages measure to compensatory damages. Compensatory damages seek to restore the plaintiff to the financial position in which it would have been but for the defendant's wrongful act."

¹²⁹ *Id.*, p.78, "In contrast, unjust enrichment seeks to deprive the defendant of whatever gain or benefit it obtained from the wrongful act. In essence, unjust enrichment compels the defendant to disgorge all ill-gotten gains to the owner of the infringed intellectual property."

¹³⁰ *Id.*, p.78, "The unjust enrichment remedy is frequently employed by the courts in copyright, trademark, and trade secret litigation and is incorporated in the federal statutes governing intellectual property."

¹³¹ Although Defendants generally are responsible for proving costs that should be deducted from sales in an unjust enrichment claims, I have identified and deducted certain applicable costs in my analysis. See AICPA

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defendants’ sales of non-genuine “Cisco” products and the related profits obtained by the defendants.

4. Damages Related to Apparent Non-Genuine Product Purchased by Defendants from Link-US

a. The Link US Sales Data

73. Link US produced data identifying “Cisco” products it has sold to ADSI. As described above, this data was analyzed by Cisco. Cisco risk scored each of the products sold by Link US to gauge the likelihood as to whether the product acquired by the defendants was non-genuine. Also as described above, Cisco’s risk scoring classified the “Cisco” products sold to ADSI based on the likelihood the product was non-genuine (*i.e.*, High Risk, Medium Risk, or Low Risk). The Link US transaction data identified 1,100 “Cisco” products sold to ADSI. Based on the Cisco risk scoring, approximately 1,050 (95%) of these products had a “High Risk” of being non-genuine.

74. Next, I used the data from Cisco’s risk scoring analysis to calculate the likelihood that the defendants’ product sales in each category were non-genuine based on the product’s relevant Cisco product family. For example, the vast majority of Link US’s sales to ADSI were in the Transceiver product family and had a “High Risk” of being non-genuine.¹³² Therefore, I applied the rate identifiable from Cisco’s related testing, approximately 74%, as the rate of non-genuine product sales.¹³³

75. I observed that Link US’s data identified significantly more “Cisco” products sold to ADSI than the transaction data produced by ADSI identified as purchased from Link US.¹³⁴ Specifically, the defendants’ data identifies 158 products acquired from LIN105,¹³⁵ which compares to the 1,100 products identified by Link US as sold to ADSI. The defendants have not explained this anomaly. To account for this discrepancy, I attributed the incremental product purchases by ADSI without an existing entry in the “our_vend” to Link US using the product item number data (*i.e.*, reducing the number of transactions where the “our vend” was otherwise missing).¹³⁶

Practice Aid, Calculating Intellectual Property Infringement Damages, pp.94. *See also* Section 35 of the Lanham Act, 15 U.S.C. § 1117, (a) Profits; Damages and Costs; Attorney Fees: . . . “In assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed...” <https://www.law.cornell.edu/uscode/text/15/1117>

¹³² Schedule 2d.

¹³³ Schedule 2f.

¹³⁴ *See* Schedule 2d comparing Link US’s data to ADSI’s transaction data where “our_vend” field was equal to “LIN105.”

¹³⁵ Schedule 2d.

¹³⁶ Schedule 2d.

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b. Cisco's Lost Profits

76. The defendants' transaction data indicates, when Link US is the identified vendor, the U.S. Government or other governmental entities were the largest customers.¹³⁷

77. For the reasons set forth above, I have assumed that Cisco would have originated the Link US sales but-for the defendants' sales. I estimated that Cisco's sales price for these transactions would have been consistent with its standard discounting for similar transactions.¹³⁸ That is, I estimated that Cisco would have sold the underlying products to a distributor at a discount of 42% of GLP.¹³⁹ Next, I used Cisco's transaction risk scoring assessment in combination with the percentage likelihood that the product sold by the defendants was non-genuine to estimate total lost sales for each PID. I performed this calculation for each PID sold by the defendants.¹⁴⁰

78. After estimating Cisco's lost sales, I next estimated Cisco's costs associated with the lost sales. First, I estimated the cost to Cisco to manufacture the related product (*i.e.*, cost of goods sold (COGS)). Specifically, I calculated Cisco's weighted-average product-related COGS in the applicable year in which the sale occurred.¹⁴¹ Cisco also would have incurred selling, general, and administrative costs (SG&A) associated with the sales. To calculate this cost, I used Cisco's total SG&A costs. The data I employed, however, includes both fixed and variable expenses.¹⁴² A lost profits calculation normally deducts only variable costs. Thus, this calculation of Cisco's SG&A costs results in a conservative calculation.

79. Cisco's lost profits calculated in the manner described above are presented in Schedule 2a hereto.

¹³⁷ Schedule 2e.

¹³⁸ The defendants' largest transaction had a total invoice value of approximately \$75,000 and the median invoice amount was \$646. Based on my discussion with Charles Williams, I understand that the defendants' transactions are not the types of transactions that typically are considered for non-standard discounting.

¹³⁹ This discount is the maximum typically offered to Cisco's distributors.

¹⁴⁰ Schedule 2b.

¹⁴¹ Schedule 9.

¹⁴² Schedule 9.

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c. Defendants' Unjust Enrichment

80. As described above, I estimated the defendants' total sales of products acquired from Link US. These sales included the adjustments I made to account for the quantity differences in sales to ADSI based upon reporting provided by the vendor.¹⁴³

81. Next, I deducted the defendants' COGS for these purchases. In those instances when the defendant's electronic data did not identify the cost to acquire the product, I estimated the cost based on other defendant data.¹⁴⁴ I then deducted an estimate for the commission expense that the defendants might have paid related to these sales. The defendants, however, have not produced any data to indicate this expense was actually incurred.

82. Finally, I estimated the percentage of the defendants' sales that involved non-genuine product. To make this calculation, I determined the weighted-average rate at which the defendants' sales involved non-genuine product.¹⁴⁵ I then used this rate to estimate defendants' profits.

83. Defendants' profits calculated in the manner described above are presented in schedule 2c hereto.

5. Damages Related to Apparent Non-Genuine Product Purchased by Defendants from Vodanet

a. Lost Profits

84. Data from Vodanet was obtained that identified each product sale to ADSI. I compared this data to the defendants' electronic data. I made certain adjustments to conform defendants' data to the data from Vodanet. For example, I reduced the number of transceivers that the defendants attributed to Vodanet because the defendants' data overstated that quantity. For other products, I increased the quantity that the defendants purchased from Vodanet (*i.e.*, by populating the vendor field).¹⁴⁶

85. I used the data from Cisco's risk scoring to estimate the likelihood that the Vodanet products were non-genuine. I then used the same data to estimate Cisco's lost sales associated with the defendants' sales of Vodanet-supplied product.¹⁴⁷ This method was similar to the process described in § 4.b.

¹⁴³ Schedule 2d.

¹⁴⁴ Schedule 10b.

¹⁴⁵ Schedule 2b.

¹⁴⁶ Schedule 3d.

¹⁴⁷ Schedule 3b.

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86. I also used the process described in § 4.b to estimate Cisco's costs associated with the lost sales. Cisco's lost profits are presented in Schedule 3a.

b. Unjust Enrichment

87. I used the process described in § 4.c to estimate defendants' profits associated with sales of Vodanet-supplied product. My analysis of defendants' profits is presented in Schedule 3c.

6. Damages Related to Products Sold by Defendants Later Tested by Cisco and Identified as Non-Genuine

a. Lost Profits

88. As described above, Cisco has tested certain products that were sold by the defendants.¹⁴⁸ In certain instances, Cisco could determine that the product sold was genuine. In other instances, however, Cisco's testing concluded that the product sold was non-genuine. In these instances, I have assumed that but-for the defendants' sales, the product would have been sold by Cisco.

89. I used the process described in § 4.b to estimate Cisco's lost sales and related lost profits.¹⁴⁹ Cisco's related lost profits are presented in Schedule 4a.

b. Unjust Enrichment

90. I used the process described in § 4.c to estimate defendants' profits associated with sales of transceiver products. My analysis of defendants' profits is presented in Schedule 4c.

7. Damages Related to Apparent Non-Genuine Transceiver Products Sold by Defendants

a. Lost Profits

91. As described in § 3.c, I have reviewed significant evidence that indicates the defendants' sales of "Cisco" transceiver products were non-genuine. Accordingly, I have assumed that Cisco would have originated the transceiver sales made by the defendants but-for the defendants' sales.

92. I used the process described in § 4.b to estimate Cisco's lost sales and related lost profits.¹⁵⁰ Cisco's related lost profits are presented in Schedule 5a.

¹⁴⁸ See file entitled "List of Defendant Sales that were Analyzed 04-16-2020 CONFIDENTIAL."

¹⁴⁹ This analysis is independent of the analyses of lost sales related to Link US and Vodanet.

¹⁵⁰ This analysis is independent of the analyses of lost sales in other categories.

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b. Unjust Enrichment

93. I used the process described in § 4.c to estimate defendants' profits associated with sales of transceiver products. My analysis of defendants' profits is presented in Schedule 5c.

8. Damages Related to Other Products Sold By Defendants Without Electronic Data Regarding the Vendor That Supplied the Product

a. Lost Profits

94. As described in § 3.c, the defendants' sales that do not include information sufficient to identify the vendor that supplied the product have a higher risk that non-genuine was involved. For example, K&F did not provide electronic data to identify the supplying vendor for a significant percentage of its sales. I have reviewed documents, however, that K&F obtained products from vendors in China such as Hong Kong Sellsi.¹⁵¹

95. Accordingly, where the vendor that supplied the product is missing from the defendants' data, I have assumed that the sale involved non-genuine product.¹⁵² Further, I have assumed that Cisco would have originated these sales but-for the defendants' sales.

96. I used the process described in § 4.b to estimate Cisco's lost sales and related lost profits.¹⁵³ Cisco's related lost profits are presented in Schedule 6a.

b. Unjust Enrichment

97. I used the process described in § 4.c to estimate defendants' profits associated with sales of transceiver products. My analysis of defendants' profits is presented in Schedule 6c.

9. Prejudgment Interest

98. I understand that Cisco may be awarded prejudgment interest. Accordingly, I have calculated prejudgment interest using a mid-year convention at an annual rate of 7%, which I understand to be the statutory rate.¹⁵⁴ These calculations are presented within each schedule where Cisco's lost profits are presented.

¹⁵¹ See, e.g., Exs. 12, 15, and 92.

¹⁵² I reserve the right to update my analysis if I am able to identify vendor data indicating genuine products were supplied to the defendants for purposes of these sales.

¹⁵³ This analysis is independent of the analyses of other categories of lost sales.

¹⁵⁴ See <https://www.justia.com/trials-litigation/docs/caci/3900/3935/> (accessed April 17, 2020).

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10. Statutory Damages

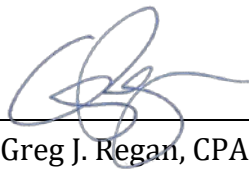
99. Cisco may elect statutory damages if it establishes liability for its trademark claims. The statutory damage amount varies depending on whether the alleged act was willful or not.

100. I understand that the statutory damage framework may be summarized as follows:

Court Finding	Trademark (per mark)
Not willful	Not less than \$1,000, or more than \$200,000
Willful	Not more than \$2,000,000

101. Cisco's claims that 1) consumer goodwill has been lost, 2) its distribution chain has been disrupted, and 3) ancillary sales may have been (or will be) lost.

102. If Cisco is determined to be entitled to statutory damages, I am able to implement a calculation of such damages using the framework above.



Greg J. Regan, CPA/CFF
April 17, 2020



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Profile

Greg Regan is a Partner in the Forensic and Financial Consulting Services Group in the San Francisco office of Hemming Morse, LLP. In 2018, Greg became the Chair of California Society of CPAs Forensic Services Section. In 2013, Greg was appointed to the American Institute of CPA's ("AICPA") Forensic and Valuation Services Executive Committee. This 9-member committee establishes professional standards for practitioners performing consulting services that require the application of forensic or valuation-related methodologies. From 2010 to 2013, he served on the AICPA's Forensic and Litigation Services ("FLS") Committee. This 11-member committee provides professional guidance to CPA practitioners who perform accounting investigations, economic damage analyses such as lost profits calculations, and a variety of other services. Greg was the Chair of the AICPA's Damages Task Force from 2010 to 2013 and continues to be an active member. Greg received the AICPA's 2012 Award for the FLS Volunteer of the Year.

Greg has testified in federal and state courts as well as in arbitrations regarding these types of forensic analyses. Greg is a Certified Public Accountant (CPA), a Certified Financial Forensic (CFF), and a Certified Fraud Examiner (CFE). Greg serves as an Officer of the California Society of Certified Public Accountants (CalCPA) statewide Forensic Services Committee.

Greg received his B.S. degree in Accounting from Georgetown University, Washington, D.C., and his Masters in Business Administration with an Emphasis in Finance from the University of San Francisco. When he's not working, he enjoys spending time with his wife and coaching the sports teams of his two boys.



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Employment & Education

2012 – Present	Hemming Morse, LLP Certified Public Accountants, Forensic and Financial Consultants Partner
2003 – 2011	Hemming Morse, Inc. Director, 2007-2011 Manager, October 2003-2006
2009 – Present	Golden Gate University Adjunct Professor Introduction to Financial Forensic Accounting, Spring 2009-2016 An In-Depth Analysis of Economic Damages, Fall 2010
1993 – 2003	SupportSoft, Inc. (Nasdaq: SPRT) Controller, February 2001- October 2003 Accounting Manager, April 1999- February 2001
1995 – 1999	Ernst & Young, LLP Senior Auditor, October 1997- April 1999 Staff Auditor, October 1995-September 1997
2004 – 2007	University of San Francisco Masters in Business Administration with emphasis in Finance Beta Gamma Sigma Honor Society
1995	Georgetown University, Washington, D.C. B.S. Accounting, Minor in Theology



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Professional & Service Affiliations

- Certified Public Accountant, State of California, 1998
- Certified Public Accountant, State of New York, 2010
- Certified Fraud Examiner
- Certified in Financial Forensics, 2008
- American Institute of Certified Public Accountants
 - Forensic & Valuation Services Executive Committee, 2013-2016
 - Forensic & Litigation Services Committee, 2010-2013
 - Chair, Damages Task Force
 - National Forensic & Valuation Conference
 - Co-Chair, 2014-2015
 - Planning Committee, 2011-present
 - CPA Ambassador, January 2006-present
 - Board of Examiners, Uniform CPA Examination Contributor
- California Society of Certified Public Accountants
 - Co-chair, San Francisco Chapter Litigation Consulting Services Committee, 2006-2011
 - State Steering Committee, 2007-present
 - Officer, 2012-present
 - Economic Damages Section Member, 2004-present
 - Officer, 2008-2012
 - State Accounting Principles and Auditing Standards Committee, Member, 2005-2010
 - CalCPA Leadership Institute, Spring 2006
 - Leadership Identification and Development Committee, 2007-present
- CAMICO, Risk Management Committee, 2014-present
- California CPA Education Foundation
 - Accounting & Auditing Curriculum Advisory Committee, 2007-2010
- Association of Certified Fraud Examiners
- Georgetown University, Alumni Admissions Committee
- Advisory Board to Golden Gate University Forensic Accounting Program, August 2008-present
- Legal Aid of San Mateo County
 - Board of Directors, Treasurer
- Board of Regents, Junipero Serra High School



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Publications

- "Calculating Lost Profits", AICPA Practice Aid, 2019
- "Unblurring the Line(s) Between Accounting and Legal Opinions", The Witness Chair, Winter 2017
- "Big Data's Day in Court", Plaintiff Magazine, January 2017
- "Attaining Reasonable Certainty in Economic Damages, Calculations", AICPA Practice Aid, 2015
- "How CPAs can benefit from Colin Powell's Rule", AICPA "FVS Insider" Article, August 2013
- "Options for Consumers in Crisis - An Economic Analysis of the Debt Settlement Industry", December 31, 2012
- "Discount Rates, Risk, and Uncertainty in Economic Damage Calculations", AICPA Practice Aid, 2012
- "Causation Scenarios for the Damages Expert", Dunn on Damages, Winter 2011
- "2010 Federal Rules of Civil Procedure Changes", AICPA.org, November 2010
- "Selecting the Right Investigative Resource", (Co-author) Journal of Accountancy, December 2009
- "Discount Rates and Lost Profits... Where's The Risk?", (Co-author) CPA Expert, Summer 2009
- "Discount Rates and Lost Profits: A Review of Case Law", The Witness Chair, Winter 2009
- "CFFs: CPAs Looking Behind Closed Doors", CalCPA Magazine, September 2008
- "Discount Rates and Lost Profits ... Where's The Risk", The Witness Chair, Summer 2008
- "Software Revenue Recognition on the Rise", (Co-author) Journal of Accountancy, December 2007
- "FAS 123R: Accounting for Stock Options, Tips for an Increasingly Complex Task", CalCPA Magazine, March 2007
- "Forensic Accounting: Is It Right For You?", CalCPA.org, February 2005
- "Talk it Over", CalCPA Magazine, December 2004



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Awards

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- Georgetown University, Dean's Citation, 1995

Presentations

- "Damages - When are they Foreseeable?", AICPA National Forensic & Valuation Services Conference, 2018
- "Linking Causation to Damages", AICPA National Forensic & Valuation Services Conference, 2017
- "Un-blurring the Lines Between Legal and Expert Opinions", AICPA National Forensic & Valuation Services Conference, 2017
- "Un-blurring the Lines Between Accounting and Legal Opinions", CalCPA Forensic Services Steering Committee, June 2016
- "Examining Cross-Examination", AICPA National Forensic & Valuation Conference, 2015
- "Experts on Offense, Experts on Defense", ABA National Securities Fraud Conference, 2014
- "Attaining Reasonable Certainty in a Damages Calculation", AICPA National Forensic & Valuation Conference, 2012 Texas Society of CPAs, 2013
- "Emerging Financial Forensic Accounting", AICPA National Forensic Accounting Conference September 2011
- "Review of Notable Recent Cases – Economic Damages", AICPA National Forensic Accounting Conference September 2011
- "Forensic Accounting: Bridging the Gap between Theory and Practice", AAA, National Conference, August 2011
- "Causation Scenarios and the Damages Expert", CalCPA Economic Damages and Fraud Committees August 2011
- "Ethics and the Expert", AAA, Forensic and Investigative Accounting Section Research Conference, March 2011
- "Bridging the Gap - The Road to the CFF", AAA, Forensic and Investigative Accounting Section Research Conference, March 2011
- "Educating Legally Aware Accountants", AAA, Forensic and Investigative Accounting Section Research Conference, March 2011
- "Revenue Recognition", Licensing Executives Society, October 2009



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Presentations continued

- “Accounting for Devices With Embedded Software”, Revenue Recognition for MedTech Companies June 2009
- “Recessionary Implications for CPAs”, Cal Society of CPAs, Economic Damages Section May 2009
- “Analyzing Earnings Releases”, San Jose Mercury News, October 2008, January 2010
- “The Subprime Debacle & Debate About Fair Value Accounting”, San Francisco, Barristers Club, August 2008
- “IPOs: Promises and Pitfalls”, Guest Lecturer, Golden Gate University Law School March 2008, March 2009
- “The Foreign Corrupt Practices Act: An Independent Monitor’s Perspective”, Cal Society of CPAs, San Francisco Chapter Litigation Section, January 2008
- “Options Backdating: What you need to know”, (Panel member) CalCPA Litigation Society October 2006
- “I’ve Sold Software: How and When Do I Recognize Revenue?”, Hemming Morse Training, November 2005
- “Facts about Fraud”, Cal Society of CPAs, CPE Extravaganza, June 2005, June 2006
- “Fraud/Corporate Investigations” JHI Members Conference, 2004

AICPA CFF Education, Spring 2010-Present

- Fundamentals of the Legal System & Engagement Administration
- Reporting, Expert Reports, and the Provision of Testimony
- Financial Statement Investigations



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Testimony

Trial

- **Sumotext Corp. v. Zoove, Inc., et al. (2020)**
U.S. District Court, Northern District of California, San Jose Division, Case No. 5:16-cv-01370-BLF
- **PPFA, Inc. v. Center For Medical Progress, et al. (2019)**, U.S. District Court Northern District San Francisco, Case No. 3:16-Cv-00236-Who
- **ASML US, Inc, v. XTAL (2018)**,
Superior Court of California, County of Santa Clara, Case No. 16-CV-295051
- **State of Colorado v. Center for Excellence in Higher Education, Inc., et al. (2017)**, District Court, Denver City and State of Colorado, Case No. 2014cv34530
- **Arata Equipment Company v. Recology, Inc., et al. (2015)**, Superior Court of California, County of San Mateo, Case No. CIV 497024
- **Riverbed, et al. v. Scottish Equity Partners LLP (2015)**, Superior Court of California, City and County of San Francisco, Case No. CGC-12-525496
- **Patrick S. Ryan v. NextG Networks, Inc., et al. (2014)**
Superior Court of California, County of Santa Clara Case No. 1-12-CV-218713
- **Hinn v. Yellow Cab, et al. (2014)** Superior Court of California, City and County of San Francisco Case No. CGC-12-525420
- **Robin Stearns, et al. v. R&H Investments, et al. (2014)**, Superior Court of California, County of San Mateo, Southern Branch
Case No. CIV503511
- **Richardson Bay Sanitary District v. City of Mill Valley (2013)**, Superior Court of California, County of Marin, Case No. CIV 1103684
- **Boris Krizan, et al. v. Victor Mayorkis, et al. (2012)** Superior Court of California, County of San Mateo, Case No. CIV 491312
- **First National v. Federal Realty Investment Trust (2008) (2009)**, U.S. District Court, Northern District of California, San Jose Division
Case No. C-03-02013 RMW



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Arbitration

- Sutter Health and Sutter Health Plan v. Optum Insight, Inc. (2017), American Arbitration Association
Case No. 011500034226
- Cloud Cruiser, Inc. v. Cisco Systems, Inc. (2017)
JAMS Reference No. 1100085560
- Tristan Broussard v. First Tower Loan, LLC, et al. (2016)
- Far Niente v. Jeremy J. Nickel (2015), JAMS
- Steve Brull v. James Preimesberger, et al. (2015)
JAMS
- Lee v. Oakhollow Group, L.P., et al. (2014)
JAMS Reference No. 1100076156
- [Redacted] v. Panoche Energy Center, LLC (2013)*
*Parties' names and case number have been redacted due to a Stipulated Protective Order Regarding Confidentiality
- Curriculum Associates, LLC v. Let's Go Learn, Inc. (2011), American Arbitration Association
No. 74-117-Y-00247-11
- Craig W. Story, Seller Representative of PHSI v. U.S. Water LLC (2011)
JAMS Reference No. 1100063613

Deposition

- Administrator v. Marlette Funding, LLC et al. (2020), District Court, Denver City and State of Colorado, Case No. 17CV30376
- In Re: Restasis Antitrust Litigation (2020), United States District Court, Eastern District of New York, Case No. MDL No. 2819 18-MD-2819 (NG) (LB)
- Wetlands Preservation Foundation v. Department of Water Resources, The Nature Conservancy (2019) Superior Court of California, San Joaquin County Case No. STK-CV-UWM-2018-8957
- Healthnet v. American International Specialty Lines Insurance Company, et al. (2019), Superior Court of California Los Angeles County, Case No. Bc357436



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Deposition continued

- PPFA, Inc. v. Center For Medical Progress, et al. (2019), U.S. District Court Northern District San Francisco, Case No. 3:16-Cv-00236-Who
- Sumotext Corp. v. Zoove, Inc., et al. (2019) U.S. District Court, Northern District of California, San Jose Division, Case No. 5:16-cv-01370-BLF
- Fred Sahadi v. Liberty Mutual Insurance. et al (2019), U.S. District Court Northern District of California, Case No. 5:18-CV-04061-LHIK
- Justice Laub v. Drone Racing League, Inc. et al. (2019), U.S. District Court, Central District of California, Western Division, Case No. 2:17-CV-06210-JAK (KSX)
- United States Of America v. County Of Clark And Nevada Links, Inc. (2019), U. S. District Court District Of Nevada, Case No. 2:17-Cv-02303
- Fuse Chicken, LLC v. Amazon.com, Inc. (2019) U.S. District Court Northern District of Ohio, Eastern Division, Case No. 5:17-cv-01538-SL
- Golden Gateway Center v. San Francisco Waterfront Partners II, LLC (2018), Superior Court of California, City and County of San Francisco, Case No. CGC 15-548437
- ASML US, Inc, v. XTAL (2018), Superior Court of California, County of Santa Clara, Case No. 16-CV-295051
- The Barrel Cellar v. Quince Pacific Avenue (2018), Superior Court of California, City and County of San Francisco, Case No. CGC-17-561363
- Just Games Interactive Entertainment, LLC v. Scopely, Inc. (2018), JAMS Arbitration
- Mark de Bibo Company v. Ryan & Ryan Construction, Inc. (2017), Superior Court of California, County of San Mateo, Case No. CIV534040
- State of Colorado v. Center for Excellence in Higher Education, Inc., et al. (2017), District Court, Denver City and State of Colorado, Case No. 2014cv34530
- Sutter Health and Sutter Health Plan v. Optum Insight, Inc. (2017), American Arbitration Association Case No. 011500034226
- Amedee Geothermal Venture I v. Lassen Municipal Utility District (2017), Superior Court of California, County of Lassen, Case No. 59485
- Hooked Media Group, Inc. v. Apple, Inc., et al. (2016), Superior Court of California, County of Santa Clara, Case No. 114CV265819



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Testimony continued

Deposition continued

- **BackFlip Software, Inc. v. Cisco Systems, Inc., et al. (2016)**, Superior Court of California, County of Santa Clara, Case No. 1:13-CV-242234
- **Blankenchip v. CitiMortgage, Inc., et al. (2016)**, U.S. District Court, Eastern District of California Case No. 2:14-cv-02309-WSB-AC
- **Rheumatology Diagnostics Laboratory, Inc., et al. v. Aetna, Inc., et al. (2015)**, U.S. District Court, Northern District of California, Case No. 3:12-cv-05847-WHO
- **SwissCanto Asset Management AG v. BlackBerry Limited (2015)**, Ontario Superior Court of Justice, Canada, Case No. CV-13-49541300CP
- **Riverbed, et al. v. Scottish Equity Partners LLP (2015)**, Superior Court of California, City and County of San Francisco, Case No. CGC-12-525496
- **Arata Equipment Company v. Recology, Inc., et al. (2014)**, Superior Court of California, County of San Mateo, Case No. CIV 497024
- **Newman Flange & Fitting Company v. Fred Hawley, et al. (2014)**, California Superior Court, Stanislaus, Case No. 684731
- **Nextdoor.com, Inc. v. Abhyanker (2014)** U.S. District Court, Northern District of California Case No. 4:2012cv05667
- **William Wardlaw; Feinstein for Senate Committee; and Fund for the Majority Committee v. First California Bank, et al. (2014)**, Superior Court of California, County of Los Angeles, Case No. SC114232
- **Patrick S. Ryan v. NextG Networks, Inc., et al. (2014)** Superior Court of California, County of Santa Clara, Case No. 1:12-CV-218713
- **Hinn v. Yellow Cab, et al. (2014)**, Superior Court of California, City and County of San Francisco, Case No. CGC-12-525420
- **Robin Stearns, et al. v. R&H Investments, et al. (2014)**, Superior Court of California, County of San Mateo, Southern Branch, Case No. CIV503511
- **In re: Celestica Inc. Securities Litigation (2013)** U.S. District Court, Southern District of New York Civ A. No. 07-CV-00312-GB
- **AMC Technology, LLC v. Cisco Systems, Inc. (2013)**, U.S. District Court, Northern District of California, Case No. 5:11-cv-03403-PSG



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- [Redacted] v. Panoche Energy Center, LLC (2013)*
*Parties' names and case number have been redacted due to a Stipulated Protective Order Regarding Confidentiality
- Michael Karas v. George S. Karas (2013)
American Arbitration Association
Case No. 74 115 Y 00144 12 HIIB
- Boris Krizan, et al. v. Victor Mayorkis, et al. (2011),
Superior Court of California, County of San Mateo,
Case No. CIV 491312
- Underground Solutions, Inc. v. P&F Distributors, et al. (2011), Superior Court of California, County of San Mateo, Case No. CIV 470876
- Graco, Inc. v. PMC Global, Inc., et al. (2011)
U.S. District Court, District of New Jersey
Case No. 08-CIV-1304 (FLW) (JJH)
- Paul A. DiMartini and Britt T. Johnson v. Purcell Tire & Rubber Company, et al. (2010)
U.S. District Court, State of Nevada
Case No. 3:09-cv-00279-HDM (VPC)
- First National v. Federal Realty Investment Trust (2008), U.S. District Court, Northern District of California, San Jose Division, Case No. C-03-02013 RMW

Cisco v. ADSI et al
Appendix B - Documents Relied Upon
Expert Report of Greg J. Regan, CPA/CFF, CFE

Category	File
Pleadings	Second Amended Complaint
Cisco Data Files	Cisco GLPs CONFIDENTIAL Risk Score Results ADSI Link US Sales Data (4.15.20) List of Defendant Sales that were Analyzed 04-16-2020 CONFIDENTIAL PIDS for product families 041620 Vodanet 2020-04-16 CONFIDENTIAL Combined Risk Score Results for Expert (4.15.20)
Defendant Data Files	2017CiscoSalesADSI_KF - Bates No. ADSI00338 - CONFIDENTIAL 2018CiscoSalesADSI_KF - Bates No. ADSI00339 - CONFIDENTIAL ADSI00099A - CONFIDENTIAL Cisco 2015 - Bates No. ADSI00334 - CONFIDENTIAL Cisco 2016 - Bates No. ADSI00335 - CONFIDENTIAL Cisco 2017 - Bates No. ADSI00336 - CONFIDENTIAL Cisco 2018 - Bates No. ADSI00337 - CONFIDENTIAL K&F Sales to Customers [2015] - [KFA00003] CONFIDENTIAL K&F Sales to Customers [2016] - [KFA00004] CONFIDENTIAL K&F Sales to Customers [2017] - [KFA00005] CONFIDENTIAL K&F Sales to Customers [2018] - [KFA00006] CONFIDENTIAL KF - Cisco purchases from ADSI - Bates No. KFA00001 - CONFIDENTIAL (01315799xBDAE4) KF - Cisco Sales 12-01-2015 to 07-24-2019 - Bates No. KFA00002 - CONFIDENTIAL (01315575xBDAE4)
Depositions & Exhibits	Carter Tr. F. Sheikh Tr. K. Sheikh Tr. Lau Tr. Little Tr. Love Tr. MacDougall Tr. S. Sheihk Tr. (2/28/20) S. Sheihk Tr. (910/19) Sadaghiani Tr. Tsfaye Tr. Uddin Tr.
Research	2015 Cisco Annual Report 2016 Cisco Annual Report 2017 Cisco Annual Report 2018 Cisco Annual Report 2019 Cisco Annual Report ACFE 2014 U.S. Fraud Examiners Manual ADSI Corp SI _ California Secretary of State _ California Secretary of State AICPA Practice Aid, Calculating Intellectual Property Infringement Damages AICPA Practice Aid, Calculating Lost Profits Gray markets: an evolving concern (KPMG) Litigation Services Handbook, 5th Edition S&P Capital IQ - Cisco Financial Data
Websites	accountingtools.com adsii.com cisco.com justia.com kandfassociates.com purefuturetechnology.com

Cisco v. ADSI et al**Schedule 1 - Summary of Damage Calculations¹****Expert Report of Greg J. Regan, CPA/CFF, CFE**

Category²	Sch	Cisco Lost Profits	Sch	Defendants' Unjust Enrichment³
LINK-US	2a	\$143,526	2c	\$33,661
Vodanet	3a	\$62,999	3c	\$27,284
Dexon ⁴		n/a		n/a
Cisco Tested Products	4a	\$37,513	4c	\$19,418
Transceivers	5a	\$4,775,968	5c	\$798,141
No Vendor Identified	6a	\$1,628,538	6c	\$921,493
Total		<u>\$6,648,544</u>		<u>\$1,799,996</u>

Notes:

1 - See referenced schedules for calculation of prejudgment interest.

2 - Each "Category" is independent (*i.e.*, uses only the subset of relevant sales by Defendants).

3 - Amounts attributable to each defendant are calculated at the referenced schedule.

4 - I understand Dexon is expected to produce information relevant to my analysis after the issuance of this report.

Cisco v. ADSI et al
Schedule 2a - Cisco Lost Profits (LINK-US)
Expert Report of Greg J. Regan, CPA/CFF, CFE

	2015	2016	2017	2018	2019	Total
Cisco Sales at Net Distributor Price (Sch. 2b)	\$0	\$139,156	\$239,840	\$0	\$0	\$378,996
Incremental COGS	\$0	(\$53,972)	(\$93,491)	\$0	\$0	(\$147,463)
COGS % (Sch. 9)	41.2%	38.8%	39.0%	39.6%	38.7%	38.9%
Gross Profit:	\$0	\$85,184	\$146,349	\$0	\$0	\$231,534
Selling, General & Administrative Expense	\$0	(\$32,216)	(\$55,792)	\$0	\$0	(\$88,008)
SG&A Expense Rate (Sch. 9)	24.1%	23.2%	23.3%	23.0%	22.7%	23.2%
Lost Profits	\$0	\$52,969	\$90,557	\$0	\$0	\$143,526
Assumed Award Date	9/30/2020					
Number of Years (Mid-point)	5.3	4.3	3.3	2.3	1.3	
Prejudgment Interest	7.0%	\$0	\$15,776	\$20,632	\$0	\$0
						\$36,408

Cisco v. ADSI et al

Schedule 2b - Value of Cisco Sales (Link-US Sales to ADSI)

Expert Report of Greg J. Regan, CPA/CFF, CFE

LINK-US Reported Sales to ADSI

LINK-US Reported Sales to ADSI							Discount		42.0%		Likelihood		HM_Year				
Count of Harmonized Serial No.			HM_Year					Cisco Price, net		Non-Genuine (Sch. 2f)						Total Sales Value	
Product Family	PID	Risk Designation	2016	2017	Grand Total	HM_Adj_PID	Cisco GLP					2015	2016	2017	2018	Other	Adjusted Sales
Transceiver	GLC-LH-SMD=	HIGH RISK	22	261	283		\$ 1,026	\$ 595	73.7%	\$ -	\$ 9,653	\$ 114,519	\$ -	\$ (0)	\$ 124,172	\$ 168,408	
	GLC-SX-MMD=	HIGH RISK	17	194	211		\$ 518	\$ 300	73.7%	\$ -	\$ 3,766	\$ 42,975	\$ -	\$ -	\$ 46,741	\$ 63,393	
	GLC-SX-MMD=	MEDIUM RISK	1	5	6		\$ 518	\$ 300	73.7%	\$ -	\$ 222	\$ 1,108	\$ -	\$ 0	\$ 1,329	\$ 1,803	
	GLC-SX-MMD=	LOW RISK		13	13		\$ 518	\$ 300	1.8%	\$ -	\$ -	\$ 71	\$ -	\$ -	\$ 71	\$ 3,906	
	SFP-10G-SR=	HIGH RISK	134	77	211		\$ 1,032	\$ 599	73.7%	\$ -	\$ 59,139	\$ 33,983	\$ -	\$ 0	\$ 93,122	\$ 126,296	
	SFP-10G-SR=	MEDIUM RISK		2	2		\$ 1,032	\$ 599	73.7%	\$ -	\$ -	\$ 883	\$ -	\$ -	\$ 883	\$ 1,197	
	SFP-10G-SR=	LOW RISK		1	1		\$ 1,032	\$ 599	1.8%	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ 11	\$ 599	
	GLC-T=	HIGH RISK	34	150	184		\$ 270	\$ 157	73.7%	\$ -	\$ 3,926	\$ 17,320	\$ -	\$ 0	\$ 21,246	\$ 28,814	
	GLC-T=	MEDIUM RISK	1		1		\$ 270	\$ 157	73.7%	\$ -	\$ 115	\$ -	\$ -	\$ -	\$ 115	\$ 157	
	GLC-T=	LOW RISK		3	3		\$ 270	\$ 157	1.8%	\$ -	\$ -	\$ 9	\$ -	\$ -	\$ 9	\$ 470	
	GLC-LH-SMD	HIGH RISK	2	28	30		\$ 1,026	\$ 595	73.7%	\$ -	\$ 878	\$ 12,286	\$ -	\$ -	\$ 13,163	\$ 17,852	
	GLC-LH-SMD	MEDIUM RISK	1		1		\$ 1,026	\$ 595	73.7%	\$ -	\$ 439	\$ -	\$ -	\$ -	\$ 439	\$ 595	
	SFP-10G-LR=	HIGH RISK	30		30		\$ 4,128	\$ 2,394	73.7%	\$ -	\$ 52,960	\$ -	\$ -	\$ -	\$ 52,960	\$ 71,827	
	SFP-10G-SR	HIGH RISK	15		15		\$ 1,032	\$ 599	73.7%	\$ -	\$ 6,620	\$ -	\$ -	\$ -	\$ 6,620	\$ 8,978	
	SFP-10G-SR	MEDIUM RISK	3		3		\$ 1,032	\$ 599	73.7%	\$ -	\$ 1,324	\$ -	\$ -	\$ -	\$ 1,324	\$ 1,796	
	SFP-10G-SR-X=	HIGH RISK		14	14	SFP-10G-SR-X	\$ 1,575	\$ 914	73.7%	\$ -	\$ -	\$ 9,430	\$ -	\$ -	\$ 9,430	\$ 12,789	
	SFP-10G-SR-S=	HIGH RISK		10	10	SFP-10G-SR-S	\$ 728	\$ 422	73.7%	\$ -	\$ -	\$ 3,113	\$ -	\$ -	\$ 3,113	\$ 4,222	
	GLC-T	HIGH RISK	1	8	9		\$ 270	\$ 157	73.7%	\$ -	\$ 115	\$ 924	\$ -	\$ 0	\$ 1,039	\$ 1,409	
	SFP-GE-T=	HIGH RISK		6	6		\$ -	\$ -	73.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	SFP-GE-T=	MEDIUM RISK		1	1		\$ -	\$ -	73.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	GLC-SX-MMD	HIGH RISK		6	6		\$ 518	\$ 300	73.7%	\$ -	\$ -	\$ 1,329	\$ -	\$ -	\$ 1,329	\$ 1,803	
	SFP-GE-T	MEDIUM RISK		1	1		\$ 270	\$ 157	73.7%	\$ -	\$ -	\$ 115	\$ -	\$ -	\$ 115	\$ 157	
	DS-SFP-FC8G-LW=	HIGH RISK		1	1		\$ -	\$ -	73.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	SFP-10G-LR	HIGH RISK		1	1		\$ 4,128	\$ 2,394	73.7%	\$ -	\$ -	\$ 1,765	\$ -	\$ -	\$ 1,765	\$ 2,394	
Transceiver Total			261	782	1,043		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unknown	#N/A	HIGH RISK	14	21	35		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unknown Total			14	21	35		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Phone	CP-7942G=	MEDIUM RISK	16		16		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Phone Total			16		16		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Module	WS-X4448-GB-RJ45=	MEDIUM RISK	5		5		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Module Total			5		5		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Wireless Access Point	AIR-CAP3702I-A-K9	MEDIUM RISK		1	1		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Wireless Access Point Total				1	1		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Grand Total			296	804	1,100					\$ -	\$ 139,156	\$ 239,840	\$ -	\$ 0	\$ 378,996	\$ 518,865	

Source: CONFIDENTIAL Risk Score Results ADSI Link US Sales Data (4.15.20)

Estimated non-genuine sales as a percent of total sales

73%

Cisco v. ADSI et al
Schedule 2c - Defendants Unjust Enrichment (LINK-US)
Expert Report of Greg J. Regan, CPA/CFE, CFE

HM_Intercompany_Sale	No
HM_Final_Vend	LIN105

Defendants Total Sales	Column Labels					
Row Labels	2015	2016	2017	2018	2019	Grand Total
K&F	\$4,951	\$1,051	\$2,798	\$14,167	\$3,462	\$26,429
ADSI	\$15,944	\$13,343	\$27,772	\$8,205		\$65,264
Grand Total	\$20,895	\$14,394	\$30,570	\$22,372	\$3,462	\$91,693

HM_Intercompany_Sale	No
HM_Final_Vend	LIN105

Defendants COGS	Column Labels					
Row Labels	2015	2016	2017	2018	2019	Grand Total
K&F	\$2,117	\$449	\$1,196	\$6,058	\$1,480	\$11,301
ADSI	\$5,277	\$6,221	\$11,068	\$3,610		\$26,176
Grand Total	\$7,394	\$6,671	\$12,265	\$9,668	\$1,480	\$37,477

Defendants Gross Profits	2015	2016	2017	2018	2019	Total
K&F	\$2,834	\$602	\$1,601	\$8,109	\$1,982	\$15,128
ADSI	\$10,667	\$7,122	\$16,704	\$4,595	\$0	\$39,088
Total Gross Profits	\$13,501	\$7,723	\$18,305	\$12,705	\$1,982	\$54,216

Est. Commission Expense	15%					
K&F	(\$425)	(\$90)	(\$240)	(\$1,216)	(\$297)	(\$2,269)
ADSI	(\$1,600)	(\$1,068)	(\$2,506)	(\$689)	\$0	(\$5,863)
Total Gross Profits	(\$2,025)	(\$1,159)	(\$2,746)	(\$1,906)	(\$297)	(\$8,132)

Estimated Net Profits	73%	<i>Sch 2b</i>				
K&F	\$1,760	\$373	\$994	\$5,035	\$1,230	\$9,392
ADSI	\$6,623	\$4,422	\$10,371	\$2,853	\$0	\$24,268
Total Net Profits	\$8,382	\$4,795	\$11,365	\$7,888	\$1,230	\$33,661

Notes:

Source data is ADSI00334-337, KFA00002-006, and Ex. 15.

1 - See Uddin Tr. 21:1-2 estimating the middle tier for sales commission of 15% of gross profit.

Cisco v. ADSI et al
Schedule 2d - Value of Cisco Sales (Link-US Sales to ADSI)
Expert Report of Greg J. Regan, CPA/CFF, CFE

LINK-US Reported Sales to ADSI

Count of Harmonized Serial No.

Product Family	PID	Total
Transceiver	GLC-LH-SMD=	283
	GLC-SX-MMD=	230
	SFP-10G-SR=	214
	GLC-T=	188
	GLC-LH-SMD	31
	SFP-10G-LR=	30
	SFP-10G-SR	18
	SFP-10G-SR-X=	14
	SFP-10G-SR-S=	10
	GLC-T	9
	SFP-GE-T=	7
	GLC-SX-MMD	6
	SFP-GE-T	1
	DS-SFP-FC8G-LW=	1
	SFP-10G-LR	1
Unknown	#N/A	35
Phone	CP-7942G=	16
Module	WS-X4448-GB-RJ45=	5
Wireless Access Point	AIR-CAP3702I-A-K9	1
Grand Total		1,100

HM_Intercompany_Sale	No
HM_Sale_Made_By:	(All)
our_vend	LIN105

HM_Product_Family	item	Values Defendants Total Sales	Sum of qtyshp
Transceiver	SFP-10G-SR-X	\$5,300	20
	GLC-SX-MMD	\$4,572	64
	SFP-10G-SR	\$2,880	32
	SFP-10G-SR-S	\$1,490	10
	GLC-LH-SMD	\$1,250	10
Phone	CP-7942G	\$1,800	20
Wireless	AIR-CAP3702I-A-	\$1,390	2
Grand Total		\$18,682	158

Adj to Unidentified Vendor

Sales	LINK	ADSI	Net	Cisco Sales Value	Available Defs Sales Qty	Adj. PID Required	Adj. PID	Adj. Qty
GLC-LH-SMD=	(283)	-	(283)	\$ 124,172	287		GLC-LH-SMD	2,476
GLC-SX-MMD=	(230)	-	(230)	\$ 48,142	10	yes	GLC-SX-MMD	3,378
SFP-10G-SR=	(214)	-	(214)	\$ 94,015	26	yes	SFP-10G-SR	3,440
GLC-T=	(188)	-	(188)	\$ 21,370	7	yes	GLC-T	3,798
GLC-LH-SMD	(31)	10	(21)	\$ 13,602	2,476			-
SFP-10G-LR=	(30)	-	(30)	\$ 52,960	-	yes	SFP-10G-LR	1,521
SFP-10G-SR	(18)	32	14	\$ 7,944	3,440			-
SFP-10G-SR-X=	(14)	-	(14)	\$ 9,430	-	yes		-
SFP-10G-SR-S=	(10)	-	(10)	\$ 3,113	-	yes		-
GLC-T	(9)	-	(9)	\$ 1,039	3,798			-
SFP-GE-T=	(7)	-	(7)	\$ -	(30)			-
GLC-SX-MMD	(6)	64	58	\$ 1,329	3,378			-
SFP-GE-T	(1)	-	(1)	\$ 115	291			-
DS-SFP-FC8G-LW=	(1)	-	(1)	\$ -	-			-
SFP-10G-LR	(1)	-	(1)	\$ 1,765	1,521			-
#N/A	(35)	-	(35)	\$ -	-			-
CP-7942G=	(16)	-	(16)	\$ -	-			-
WS-X4448-GB-RJ45=	(5)	-	(5)	\$ -	-			-
AIR-CAP3702I-A-K9	(1)	-	(1)	\$ -	-			-
SFP-10G-SR-X	-	20	20	\$ -	-			-
SFP-10G-SR-S	-	10	10	\$ -	449			-
CP-7942G	-	20	20	\$ -	-			-
AIR-CAP3702I-A-	-	2	2	\$ -	(30)			-
Total	(1,100)	158	(942)	\$ 378,996				

Adj to Unidentified Vendor Sale:

Adjustment nental	Total
(283)	(283)
(10)	(10)
(26)	(26)
(21)	(21)
14 (188)	(174) Incremental SFP-10G-SR= products (188)
(9) (181)	(190) Incremental GLC-T= products (181)
58 (220)	(162) Incremental GLC-SX-MMD= products (220)
(1)	(1)
(1) (30)	(31) Incremental SFP-10G-LR= products (30)
(6)	(6) Includes SFP-10G-SR-X
-	-
-	-
(43)	(43)
(328) (619)	(947)

Cisco v. ADSI et al**Schedule 2e - Defendants Sales Where Link US is the Vendor****Expert Report of Greg J. Regan, CPA/CFF, CFE**

HM_Intercompany_Sale	No
HM_Final_Vend	LIN105

Row Labels	Defendants Total Sales	Sum of qtyshp
GSA Contract GS-35F-0032Y (70)	\$21,510	260
VTA	\$16,748	128
ACC INC	\$12,724	269
HMS Business Services	\$8,505	30
ISONIC	\$7,824	83
n/a	\$4,081	61
Golden Gate University	\$2,656	16
DEXON Computer, Inc. 3230	\$2,205	45
GSA CONTRACT # GS-02-0032R (75)	\$1,800	20
Bellingham School District 6515	\$1,610	15
FireEye Inc.	\$1,490	10
Vigilant 4040	\$1,395	15
Globetouch, Inc.	\$1,172	4
RB Data Systems Inc.	\$1,120	20
Atlantis Casino Resort Spa	\$1,009	6
BLOOM ENERGY CORPORATION	\$825	2
Dell Financial Services L.L.C.	\$744	8
Computer Matrix	\$598	13
Online Digital Solutions Limited	\$582	9
OSI Hardware	\$492	8
PAUL'S CUSTOMER	\$400	4
IMRF	\$396	4
ARCAS TECHNOLOGY INC, 9999	\$375	5
NETWORK SUPPLY, LLC, 2680	\$318	6
Esilience Technologies, LLC	\$235	6
Gallant, Michael 3820	\$201	2
GlaserWeil	\$198	2
New Advantage Corp.	\$148	2
ABARAM / ABACUS NETWORK SOLUTIONS	\$144	2
AT&T (San Ramon CA)	\$99	1
F1 Consultancy Ltd	\$90	1
Grand Total	\$91,693	1057

Notes:

Source data is ADSI00334-337, KFA00002-006, and Ex. 15.

Cisco v. ADSI et al
Schedule 2f - Cisco Risk Scoring Matrix Summary
Expert Report of Greg J. Regan, CPA/CFF, CFE

		Cisco Testing		
Count of Harmonized Serial No.		Photo Determination		Applied
HM_Product_Family	Risk Category	Counterfeit	Genuine	Non-Genuine Rate
Switch	HIGH RISK	94.4%	5.6%	94.4%
	MEDIUM RISK	71.6%	28.4%	71.6%
	LOW RISK	3.9%	96.1%	3.9%
Transceiver	HIGH RISK	73.7%	26.3%	73.7%
	MEDIUM RISK	95.3%	4.7%	73.7%
	LOW RISK	1.8%	98.2%	1.8%
Module	HIGH RISK	85.1%	14.9%	85.1%
	MEDIUM RISK	46.2%	53.8%	46.2%
	LOW RISK	6.1%	93.9%	6.1%

Notes:

Source data is Combined Risk Score Results for Expert (4.15.20).

Cisco v. ADSI et al
Schedule 3a - Cisco Lost Profits (Vodanet)
Expert Report of Greg J. Regan, CPA/CFF, CFE

	2015	2016	2017	2018	Total
Cisco Sales at Net Distributor Price (Sch. 3b)	\$0	\$66,995	\$65,750	\$33,858	\$166,603
Incremental COGS	\$0	(\$25,984)	(\$25,630)	(\$13,399)	(\$65,013)
COGS % (Sch. 9)	41.2%	38.8%	39.0%	39.6%	39.0%
Gross Profit:	\$0	\$41,011	\$40,120	\$20,459	\$101,591
Selling, General & Administrative Expense	\$0	(\$15,510)	(\$15,295)	(\$7,787)	(\$38,591)
SG&A Expense Rate (Sch. 9)	24.1%	23.2%	23.3%	23.0%	23.2%
Lost Profits	\$0	\$25,501	\$24,825	\$12,672	\$62,999
Assumed Award Date	9/30/2020				
Number of Years (Mid-point)	5.3	4.3	3.3	2.3	
Prejudgment Interest	7%	\$0	\$7,595	\$5,656	\$2,000
					\$15,251

Cisco v. ADSI et al
Schedule 3b - Value of Cisco Sales (Vodanet Sales to ADSI)
Expert Report of Greg I. Regan, CPA/CFE

Count of Harmonized Serial No.			HM Year				Discount		42.0%		Likelihood HM Year											
Family	PID	Risk Category	2016	2017	2018	Grand Total	HM Adj	PID	Cisco GLP	Cisco Price, net	Non-Genuine (Sch. 2f)	2015	2016	2017	2018	Total Sales	Total Sales Value					
Switch	C1-WS3650-48TD/K9	LOW RISK	13	1		14			\$ -	\$ -	3.9%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	IE-4000-4S8P4G-E	LOW RISK			12	12			\$ 5,427	\$ 3,148	3.9%	\$ -	\$ -	\$ -	\$ 1,481	\$ 1,481	\$ 37,772					
	IE-4010-16S12P	HIGH RISK			1	1			\$ -	\$ -	94.4%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	N3K-C3064TO-10GT	LOW RISK	1			1			\$ -	\$ -	3.9%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C2960S-24PS-L	MEDIUM RISK	1			1			\$ 2,109	\$ 1,223	71.6%	\$ -	\$ 876	\$ -	\$ -	\$ 876	\$ 1,223					
	WS-C2960X-24PD-L	LOW RISK		1		1			\$ 4,041	\$ 2,344	3.9%	\$ -	\$ -	\$ 92	\$ -	\$ 92	\$ 2,344					
	WS-C2960X-24PS-L	LOW RISK	6	2	2	10			\$ -	\$ -	3.9%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		MEDIUM RISK		1		1			\$ -	\$ -	71.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C2960X-48FPD-L	HIGH RISK	3			3			\$ 8,726	\$ 5,061	94.4%	\$ -	\$ 14,329	\$ -	\$ -	\$ 14,329	\$ 15,182					
		LOW RISK	3			3			\$ -	\$ -	3.9%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C2960X-48FPS-L	LOW RISK		1	1	2			\$ 7,193	\$ 4,172	3.9%	\$ -	\$ -	\$ 164	\$ 164	\$ 327	\$ 8,343					
	WS-C3560C-8PC-S	LOW RISK		10		10			\$ 960	\$ 557	3.9%	\$ -	\$ -	\$ 218	\$ -	\$ 218	\$ 5,568					
	WS-C3560CX-12PC-S	LOW RISK	5		1	6			\$ 2,432	\$ 1,411	3.9%	\$ -	\$ 277	\$ -	\$ 55	\$ 332	\$ 8,463					
	WS-C3560CX-8PC-S	LOW RISK	2	1	3	6			\$ -	\$ -	3.9%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		MEDIUM RISK		1		1			\$ -	\$ -	71.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3560X-24P-L	HIGH RISK	1			1			\$ 2,880	\$ 1,670	94.4%	\$ -	\$ 1,576	\$ -	\$ -	\$ 1,576	\$ 1,670					
		MEDIUM RISK	2			2			\$ -	\$ -	71.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3560X-24T-L	HIGH RISK	1			1			\$ 2,340	\$ 1,357	94.4%	\$ -	\$ 1,281	\$ -	\$ -	\$ 1,281	\$ 1,357					
		MEDIUM RISK	1			1			\$ -	\$ -	71.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3650-24TD-L	HIGH RISK	4			4			\$ 5,640	\$ 3,271	94.4%	\$ -	\$ 12,349	\$ -	\$ -	\$ 12,349	\$ 13,085					
	WS-C3650-48FD-S	HIGH RISK			4	4			\$ 13,970	\$ 8,103	94.4%	\$ -	\$ -	\$ 30,588	\$ -	\$ 30,588	\$ 32,410					
	WS-C3650-48PS-L	LOW RISK	7			7			\$ 9,154	\$ 5,309	3.9%	\$ -	\$ 1,457	\$ -	\$ -	\$ 1,457	\$ 37,165					
	WS-C3650-48PS-S	LOW RISK		19		19			\$ 11,456	\$ 6,644	3.9%	\$ -	\$ -	\$ 4,951	\$ -	\$ 4,951	\$ 126,240					
	WS-C3650-48TS-L	LOW RISK		2		2			\$ 7,020	\$ 4,072	3.9%	\$ -	\$ -	\$ 319	\$ -	\$ 319	\$ 8,143					
	WS-C3750X-24S-S	HIGH RISK	1			1			\$ -	\$ -	94.4%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3750X-48P-L	HIGH RISK	1			1			\$ 7,200	\$ 4,176	94.4%	\$ -	\$ 3,941	\$ -	\$ -	\$ 3,941	\$ 4,176					
		MEDIUM RISK	1			1			\$ -	\$ -	71.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3750X-48T-S	HIGH RISK	1			1			\$ 7,920	\$ 4,594	94.4%	\$ -	\$ 4,335	\$ -	\$ -	\$ 4,335	\$ 4,594					
		MEDIUM RISK	2			2			\$ -	\$ -	71.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3850-12S-S	LOW RISK	9	1	1	11			\$ -	\$ -	3.9%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3850-12XS-S	LOW RISK	1			1			\$ 19,487	\$ 11,302	3.9%	\$ -	\$ 443	\$ -	\$ -	\$ 443	\$ 11,302					
	WS-C3850-24P-E	HIGH RISK		6		6			\$ -	\$ -	94.4%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3850-24P-L	LOW RISK			2	2			\$ 8,924	\$ 5,176	3.9%	\$ -	\$ -	\$ 406	\$ -	\$ 406	\$ 10,351					
	WS-C3850-24P-S	HIGH RISK		10		10			\$ 10,277	\$ 5,961	94.4%	\$ -	\$ -	\$ 56,255	\$ -	\$ 56,255	\$ 59,606					
		LOW RISK	1			1			\$ -	\$ -	3.9%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3850-24S-S	LOW RISK	1		2	3			\$ 24,518	\$ 14,220	3.9%	\$ -	\$ 558	\$ -	\$ 1,115	\$ 1,673	\$ 42,661					
		MEDIUM RISK			1	1			\$ -	\$ -	71.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3850-24T-L	LOW RISK		3		3			\$ 7,711	\$ 4,472	3.9%	\$ -	\$ -	\$ 526	\$ -	\$ 526	\$ 13,417					
	WS-C3850-24T-S	HIGH RISK	2			2			\$ 9,118	\$ 5,288	94.4%	\$ -	\$ 9,982	\$ -	\$ -	\$ 9,982	\$ 10,577					
		LOW RISK	1			1			\$ -	\$ -	3.9%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3850-24XS-S	LOW RISK		2		2			\$ 28,899	\$ 16,762	3.9%	\$ -	\$ -	\$ 1,315	\$ -	\$ 1,315	\$ 35,523					
	WS-C3850-48F-L	LOW RISK	2			2			\$ 16,901	\$ 9,803	3.9%	\$ -	\$ 769	\$ -	\$ -	\$ 769	\$ 19,605					
		MEDIUM RISK	13			13			\$ -	\$ -	71.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	WS-C3850-48P-S	LOW RISK		1		1			\$ 16,901	\$ 9,803	3.9%	\$ -	\$ -	\$ 384	\$ -	\$ 384	\$ 9,803					
	WS-C3850-48P-L	LOW RISK	4			4			\$ 16,901	\$ 9,803	3.9%	\$ -	\$ 1,538	\$ -	\$ -	\$ 1,538	\$ 39,210					
	WS-C3850-48P-S	LOW RISK	2	1		3			\$ 16,901	\$ 9,803	3.9%	\$ -	\$ 769	\$ 384	\$ -	\$ 1,153	\$ 29,408					
WS-C4506-E	MEDIUM RISK		1		1			\$ -	\$ -	71.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						
Switch Total			92	64	30	186			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Network Module	C3850-NM-2-10G	LOW RISK	10			10			\$ -	\$ -	6.1%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	C3850-NM-4-10G	LOW RISK	1			1			\$ -	\$ -	6.1%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		MEDIUM RISK	3			3			\$ -	\$ -	46.2%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	C3850-NM-4-1G	LOW RISK	41	11	2	54			\$ 680	\$ 394	6.1%	\$ -	\$ 986	\$ 265	\$ 48	\$ 1,299	\$ 21,298					
		MEDIUM RISK	7		1	8			\$ -	\$ -	46.2%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	C3850-NM-4-1G=	LOW RISK	3			3			\$ -	\$ -	6.1%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Network Module Total			65	11	3	79			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Power Supply	PWR-C1-1100WAC=	HIGH RISK	1			1			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		LOW RISK	10			10			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		MEDIUM RISK	2			2			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	PWR-C1-350WAC=	LOW RISK	1			1			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	PWR-C1-715WAC=	LOW RISK	1	4		5			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		MEDIUM RISK	3			3			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	PWR-C2-250WAC=	LOW RISK	1			1			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	PWR-C2-640WAC=	LOW RISK		21		21			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Power Supply Total	PWR-IE170W-PC-AC=	LOW RISK			10	10			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		MEDIUM RISK	19	25	11	55			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Wireless Access Point	AIR-AP3802I-B-K9	LOW RISK			13	13			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	AIR-CAP3702I-A-K9	LOW RISK	29			29			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Wireless Access Point Total			29		13	42			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Module	WS-X4712-SFP+E=	LOW RISK	10			10			\$ 32,600	\$ 18,908	6.1%	\$ -	\$ 11,529	\$ -	\$ -	\$ 11,529	\$ 189,080					
	WS-X4748-RJ45-E=	HIGH RISK		2		2			\$ -	\$ -	85.1%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		MEDIUM RISK	1			1			\$ -	\$ -	46.2%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Module Total			10	2		12			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Router	CISCO2911/K9	LOW RISK	2			2			\$ -	\$ -	n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	CISCO2951/K9	LOW RISK	2			2			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	ISR4351-V/K9	HIGH RISK		1		1			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		LOW RISK		1		1			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		MEDIUM RISK		1		1			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Router Total	ISR4431/K9	HIGH RISK			1	1			\$ -	\$ -	n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		LOW RISK	2	1	1	4			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
			6	4	2	12			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Transceiver	GLC-GE-100FX=	LOW RISK	1			1			\$ -	\$ -	1.8%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
	GLC-LH-SMD=	HIGH RISK		2		2			\$ 1,026	\$ 595	73.7%	\$ -	\$ -	\$ 878	\$ -	\$ 878	\$ 1,190					
	SFP-10G-SR-S=	LOW RISK	8			8			\$ -	\$ -	1.8%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Transceiver Total			9	2		11			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Cable	STACK-T1-1M=	LOW RISK	1			1			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Cable Total			3			3			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Unknown SN			4			4			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Unknown SN Total	#N/A	HIGH RISK			3	3			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Telepresence	CTS-EX90-K9	HIGH RISK	2			2			\$ -	\$ -	n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
		MEDIUM RISK	1			1			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Telepresence Total			3			3			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Firewall	ASA5525	LOW RISK	1			1			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Firewall Total			1			1			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Small Business Switch	SG300-28MP-K9-EU																					

Cisco v. ADSI et al
Schedule 3c - Defendants Unjust Enrichment (Vodanet)
Expert Report of Greg J. Regan, CPA/CFF, CFE

HM_Intercompany_Sale	No
HM_Final_Vend	VOD_HM

Defendants Total Sales Column Labels					
Row Labels	2016	2017	2018	2019	Grand Total
K&F	\$14,035	\$66,559	\$101,482	\$688	\$182,764
ADSI	\$180,360	\$46,307	\$18,458		\$245,125
Grand Total	\$194,395	\$112,866	\$119,940	\$688	\$427,889

HM_Intercompany_Sale	No
HM_Final_Vend	VOD_HM

Defendants COGS Column Labels					
Row Labels	2016	2017	2018	2019	Grand Total
K&F	\$6,001	\$28,460	\$43,393	\$294	\$78,149
ADSI	\$141,008	\$36,410	\$18,425		\$195,843
Grand Total	\$147,009	\$64,870	\$61,818	\$294	\$273,992

Defendants Gross Profits	2015	2016	2017	2018	2019	Total
K&F	\$8,034	\$38,099	\$58,089	\$394	\$0	\$104,615
ADSI	\$39,352	\$9,897	\$33	\$0	\$0	\$49,282
Total Gross Profits	\$47,386	\$47,995	\$58,122	\$394	\$0	\$153,897

Est. Commission Expense	15%					
K&F	(\$1,205)	(\$5,715)	(\$8,713)	(\$59)	\$0	(\$15,692)
ADSI	(\$5,903)	(\$1,485)	(\$5)	\$0	\$0	(\$7,392)
Total Gross Profits	(\$7,108)	(\$7,199)	(\$8,718)	(\$59)	\$0	(\$23,085)

Estimated Net Profits	21% Sch 3b					
K&F	\$1,424	\$6,754	\$10,298	\$70	\$0	\$18,547
ADSI	\$6,977	\$1,755	\$6	\$0	\$0	\$8,737
Total Net Profits	\$8,401	\$8,509	\$10,304	\$70	\$0	\$27,284

Notes:

Source data is ADSI00334-337, KFA00002-006, and Ex. 15.

1 - See Uddin Tr. 21:1-2 estimating the middle tier for sales commission of 15% of gross profit.

Cisco v. ADSI et al
Schedule 3d - Reconciliation of Vendor Data to Defendants Data (Vodanet)
Expert Report of Greg J. Regan, CPA/CFE, CFE

Risk Category (All)

Count of Harmonized Serial No.	HM Year	2016	2017	2018	Grand Total
Transceiver					
SFP-10G-SR-S=	8				8
SFP-10G-SR=	2	2			4
GLC-SX-MMD=		4			4
GLC-LH-SMD=	2				2
GLC-GE-100FX=	1				1
Transceiver Total	11	8			19
Switch					
WS-C3650-48PS-S		19			19
WS-C3850-48F-L	15				15
C1-W53650-48TD/K9	13	1			14
IE-4000-48P4G-E			12		12
WS-C2960X-24PS-L	7	3	2		12
WS-C3850-24P-S	1	10			11
WS-C3850-12S-S	9	1	1		11
WS-C3560C-8PC-S		10			10
WS-C3850-48P-S	2	6			8
WS-C3560CX-8PC-S	2	2	3		7
WS-C3650-48PS-L	7				7
WS-C3850-24T-S	6				6
WS-C2960X-48FPD-L	6				6
WS-C3850-24P-E		6			6
WS-C3560CX-12PC-S	5		1		6
WS-C3850-48P-L	4				4
WS-C3850-24S-S	1		3		4
WS-C3650-24TD-L	4				4
WS-C3650-48FD-S			4		4
WS-C4948-10GE		4			4
WS-C3560X-24P-L	3				3
WS-C3750X-48T-S	3				3
WS-C3850-24T-L		3			3
WS-C2960S-48TS-L	2				2
WS-C3850-24XS-S		2			2
WS-C3560X-24T-L	2				2
WS-C2960X-48FPS-L		1		1	2
WS-C3850-24S-E	2				2
WS-C3650-48TS-L		2			2
WS-C3750X-48P-L	2				2
WS-C3850-24P-L			2		2
WS-C3560-8PC-S		1			1
WS-C3850-48T-S	1				1
WS-C3850-12XS-S	1				1
WS-C3850-48P-S		1			1
WS-C4900M		1			1
WS-C2960X-24PD-L		1			1
WS-C3850-48T-S	1				1
WS-C2960S-24PS-L	1				1
N3K-C3064T0-10GT	1				1
WS-C4506-E		1			1
WS-C3750X-24S-S	1				1
WS-C3650-48TS-S	1				1
IE-4010-16S12P			1		1
WS-C3750X-12S-E	1				1
Switch Total	104	74	31		209
Network Module					
C3850-NM-4-1G	48	11	3		62
C3850-NM-2-10G	10				10
C3850-NM-4-10G	4				4
C3850-NM-4-1G=	3				3
Network Module Total	65	11	3		79
Router					
CISCO2911/K9	20				20
ISR4431/K9	2	1	2		5
CISCO3945-CHASSIS	2	1			3
ISR4351-V/K9		3			3
CISCO2951/K9	2				2
ASR1001-X=		1			1
Router Total	26	6	2		34
Grand Total	206	99	36		341

HM Intercompany Sale
HM_Sale_Made_By:
our_vend

No
(All)
VOD100

Sum of qtyshp		HM Product Family		item	Total	Adj to Unidentified Vendor Sales	Vodanet	ADSI	Net	Cisco Sales Value	Where sales > \$1K
Transceiver				GLC-LH-SMD	2	SFP-10G-SR-S=	(8)	8	-	\$ -	
				GLC-SX-MM	100	2960X-24PS-L	-	2	2	\$ -	
				GLC-SX-MMD	0	2960X-48FPD-L	-	3	3	\$ -	
				GLC-SX-MMD++	50	3560CX-8PC-S	-	4	4	\$ -	
				GLC-SX-MMD=	1	ASR1001-X	-	-	-	\$ -	
				SFP-10G-SR=	4	ASR1001-X=	(1)	-	(1)	\$ -	
				SFP-10G-SR-S	8	C1PPCAT36502K9	-	13	13	\$ -	
				SFP-H10GB-CU-3M	24	C1-W53650-48TD /	-	13	13	\$ -	
				SFP-H10GBCU1M1	4	C1-W53650-48TD/K9	(14)	-	(14)	\$ -	
				X2-10GB-LR	1	C2960S-STAC	-	-	-	\$ -	
Transceiver Total					194	C2960X-STAC=	-	2	2	\$ -	
Switch				2960X-24PS-L	2	C3850-NM-2-10G	(10)	-	(10)	\$ -	
				2960X-48FPD-L	3	C3850-NM-4-10G	(4)	-	(4)	\$ -	
				3560CX-8PC-S	4	C3850-NM-4-10G=	-	4	4	\$ -	
				C1PPCAT36502K9	13	C3850-NM-4-1G	(62)	23	(39)	\$ 1,299	Matched 61
				C1-W53650-48TD /	13	C3850-NM-4-1G=	(3)	-	(3)	\$ -	
				CISCO-W5-C3850-	8	C38X-NM-10G	-	1	1	\$ -	
				EDU-C3850-48P-L	0	CISCO2911 /K9	(20)	14	(6)	\$ -	
				WS-2960S-48TD-L	2	CISCO2951 /K9	(2)	-	(2)	\$ -	
				WS-C2960S48FPDL	1	CISCO2951SEC /K9	-	-	-	\$ -	
				WSC2960S48LPDL	0	CISCO3925 /K9	-	1	1	\$ -	
				WS-C2960X-24PS-	1	CISCO3945 /K9	-	2	2	\$ -	
				WS-C2960X-48FPD	3	CISCO3945-CHASSIS	(3)	-	(3)	\$ -	
				WS-C2960X-48FPS	2	CISCO-3945E /K9	-	1	1	\$ -	
				WS-C3560CG-8TC	7	CISCO-7965G	-	48	48	\$ -	
				WS-C3560CX-12PC	0	CISCO-ISR-4321 /	-	6	6	\$ -	
				WSC3560CX8PCS	3	CISCO-W5-C3850-	-	8	8	\$ -	
				WS-C3650-24TD-L	4	EDU-C3850-48P-L	-	-	-	\$ -	
				WS-C3650-48TS-L	2	GLC-GE-100FX=	(1)	-	(1)	\$ -	
				WS-C3650-48TS-S	1	GLC-LH-SMD	-	2	2	\$ -	
				WS-C3750X-12S-S	5	GLC-LH-SMD=	(2)	-	(2)	\$ -	878 GLC-LH-SMD
				WS-C3750X-24T-L	0	GLC-SX-MM	-	100	100	\$ -	
				WS-C3750X-48P-L	2	GLC-SX-MMD	-	-	-	\$ -	
				WS-C3850-12S-S	9	GLC-SX-MMD++	-	50	50	\$ -	
				WS-C3850-24S-E	2	GLC-SX-MMD=	(4)	1	(3)	\$ -	
				WS-C3850-24S-S	4	HWIC-1DSU-T1	-	97	97	\$ -	
				WS-C3850-24T-L	3	IE-4000-48P4G-E	(12)	-	(12)	\$ -	1,481 Used 13
				WS-C3850-24T-S	3	IE-4010-16S12P	(1)	-	(1)	\$ -	
				WS-C3850-24XS-S	2	ISR4331-SEC /K9	-	3	3	\$ -	
				WS-C385048P-L	10	ISR4351-V /K9	(3)	-	(3)	\$ -	
				WS-C3850-48P-L	4	ISR4431 /K9	(5)	2	(3)	\$ -	Only 2 transactions in Defs data
				WS-C3850-48P-S	1	N3K-C3064TQ-10GT	(1)	-	(1)	\$ -	
				WS-C3850-48T-S	7	NIM-ES2	-	4	4	\$ -	
				WS-C4500X-24X-E	0	SFP-10G-SR=	(4)	4	-	\$ -	
				WS-C4900M	4	SFP-H10GB-CU-3M	-	24	24	\$ -	
				WS-X4712-SFP+E=	10	SFP-H10GBCU1M1	-	4	4	\$ -	
				WS-X4908-10GE	4	STACK-T1-1M=	-	1	1	\$ -	
				WS-X4920GB-RJ45	4	WS-2960S-48TD-L	-	2	2	\$ -	
Switch Total					143	WS-C2960S-24PS-L	(1)	-	(1)	\$ -	876
Module				C2960S-STAC=	0	WS-C2960S-24TS-L	-	-	(1)	\$ -	
				C2960X-STAC=	2	WS-C2960S48FPDL	-	1	1	\$ -	
				C3850-NM-4-10G=	4	WSC2960S48LPDL	-	-	-	\$ -	
				C3850-NM-4-1G	23	WS-C2960S-48TS-L	(2)	-	(2)	\$ -	
				C38X-NM-10G	1	WS-C2960X-24PD-L	(1)	-	(1)	\$ -	92
				HWIC-1DSU-T1	97	WS-C2960X-24PS-	-	1	1	\$ -	
				NIM-ES2	4	WS-C2960X-24PS-L	(12)	-	(12)	\$ -	
Module Total					1	WS-C2960X-48FPD	-	3	3	\$ -	WS-C2960X-48FPD-L
Router				ASR1001-X	132	WS-C2960X-48FPD-L	-	(6)	(6)	\$ -	14,329 WS-C2960X-48FPD-L
				CISCO2911 /K9	14	WS-C2960X-48FPS	(2)	2	2	\$ -	
				CISCO2951SEC /K9	0	WS-C2960X-48PPS-L	(6)	-	(2)	\$ -	327 Matched
				CISCO3925 /K9	1	WS-C3560C-8PC-S	(1)	-	(1)	\$ -	
				CISCO3945 /K9	2	WS-C3560C-8PC-S	(10)	-	(10)	\$ -	218
				CISCO3945E /K9	1	WS-C3560CX-12PC	-	7	7	\$ -	
				CISCO-7965G	48	WS-C3560CX-12PC-S	(6)	-	(6)	\$ -	332
				CISCO-ISR-4321 /	6	WSC3560CX8PCS	-	3	3	\$ -	
				ISR4331-SEC /K9	3	WS-C3560CX-8PC-S	(7)	-	(7)	\$ -	
				ISR4431 /K9	2	WS-C3560X-24P-L	(3)	-	(3)	\$ -	1,576 Match (Changed K&F)
Router Total					77	WS-C3560X-24T-L	(2)	-	(2)	\$ -	1,281 Match (Changed K&F)
Grand Total					546	WS-C3650-24TD-L	(4)	4	-	\$ -	12,349 Match
						WS-C3650-48FD-S	(4)	-	(4)	\$ -	30,588 VOD_HM
						WS-C3650-48PS-L	(7)	-	(7)	\$ -	1,457 Unable to locate
						WS-C3650-48PS-S	(19)	-	(19)	\$ -	4,951 Match to WS-C3650-48
						WS-C3650-48TS-L	(2)	2	-	\$ -	319 Match
						WS-C3650-48TS-S	(1)	1	-	\$ -	
						WS-C3750X-12S-E	(1)	-	(1)	\$ -	
						WS-C3750X-12S-S	-	5	5	\$ -	
						WS-C3750X-24S-S	(1)	-	(1)	\$ -	
						WS-C3750X-24T-L	-	-	-	\$ -	
						WS-C3750X-48P-L	(2)	2	-	\$ -	3,941 Match
						WS-C3750X-48T-S	(3)	-	(3)	\$ -	4,335 Only 1 match
						WS-C3850-12S-S	(11)	9	(2)	\$ -	Match
						WS-C3850-12XS-S	(1)	-	(1)	\$ -	443 No match
						WS-C3850-24P-E	(6)	-	(6)	\$ -	
						WS-C3850-24P-L	(2)	-	(2)	\$ -	406 Match
						WS-C3850-24P-S	(11)	-	(11)	\$ -	56,255 WS-C3850-24P-S & WS-C3850-24P-S
						WS-C3850-24S-E	(2)	2	-	\$ -	Match
						WS-C3850-24S-S	(4)	4	-	\$ -	1,673 WS-C3850-24P-S
						WS-C3850-24T-L	(3)	3	-	\$ -	526 Match
						WS-C3850-24T-S	(6)	3	(3)	\$ -	9,982 Matched 3
						WS-C3850-24XS-S	(2)	2	-	\$ -	1,315 Match
						WS-C385048P-L	-	10	10	\$ -	Matched 17 to WS-C3850-48; Matched remaining 12 to other similar Item Nos
						WS-C3850-48P-L	(15)	-	(15)	\$ -	769 Matched 17 to WS-C3850-48
						WS-C3850-48P-S	(1)	-	(1)	\$ -	384 Matched 17 to WS-C3850-48
						WS-C3850-48P-L	(4)	4	-	\$ -	1,538 Matched 17 to WS-C3850-48
						WS-C3850-48P-S	(8)	1	(7)	\$ -	1,153 Matched 17 to WS-C3850-48
						WS-C3850-48T-S	(1)	7	6	\$ -	Matched 17 to WS-C3850-48
						WS-C4500X-24X-E	-	-	-	\$ -	
						WS-C4506-E	(1)	-	(1)	\$ -	
						WS-C4900M	(1)	4	3	\$ -	
						WS-C4948-10GE	(4)	-	(4)	\$ -	
						WS-X4712-SFP+E=	-	10	10	\$ -	11,529
						WS-X4908-10GE	-	4	4	\$ -	
						WS-X4920GB-RJ45	-	4	4	\$ -	
						X2-10GB-LR	-	1	1	\$ -	
							(341)	546	205	\$ 166,603	

Cisco v. ADSI et al**Schedule 4a - Cisco Lost Profits (Cisco Tested Products)****Expert Report of Greg J. Regan, CPA/CFF, CFE**

	Total
Cisco Sales at Net Distributor Price (Sch. 4b)	\$102,190
Incremental COGS	(\$40,948)
<i>COGS %</i> (Sch. 9)	<u>40.1%</u>
Gross Profit:	<u>\$61,243</u>
Selling, General & Administrative Expense	(\$23,730)
SG&A Expense Rate (Sch. 9)	23.2%
Lost Profits	<u>\$37,513</u>

Cisco v. ADSI et al**Schedule 4b - Estimated Cisco Sales (Cisco Tested Products)****Expert Report of Greg J. Regan, CPA/CFF, CFE**

Sum of HM_Cisco_Sales_Net		Years			
HM_Final_Vend	HM_Sale_Made_By:	2016	2017	2018	Grand Total
Non_Genuine_Cisco_Testeds	K&F	\$8,259	\$26,371	\$45,711	\$80,341
	ADSI		\$6,032		\$6,032
Tested_By_Cisco_80%_Non_Genuine	K&F			\$25,304	\$25,304
Tested_By_Cisco_50%_Non_Genuine	K&F	\$3,212			\$3,212
Cisco_Testeds_Genuine	K&F	\$0	\$15,272		\$15,272
	ADSI		\$1,946	\$0	\$1,946
Grand Total		\$11,471	\$49,621	\$71,015	\$132,107

Non-Genuine Sales	\$	80,341
80% of Non-Genuine Sales	\$	20,243
50% of Non-Genuine Sales	\$	1,606
Total	\$	102,190

Source data:

Defendant transactions is ADSI00334-337, KFA00002-006, Ex. 15.

Cisco files entitled "PIDS for product families 041620", "Cisco GLPs", and "List of Defendant Sales"

Cisco v. ADSI et al
Schedule 4c - Defendants Unjust Enrichment (Cisco Tested Products)
Expert Report of Greg J. Regan, CPA/CFF, CFE

HM_Intercompany_Sale No

Defendants Total Sales		Column Labels			
Row Labels	Non_Genuine_Cisco_Tested	Tested_By_Cisco_80%_Non_Genuine	Tested_By_Cisco_50%_Non_Genuine		Grand Total
K&F	\$25,780	\$7,700	\$3,090		\$36,570
ADSI	\$2,260				\$2,260
Grand Total	\$28,040	\$7,700	\$3,090		\$38,830

HM_Intercompany_Sale No 0

Defendants COGS		Column Labels			
Row Labels	Non_Genuine_Cisco_Tested	Tested_By_Cisco_80%_Non_Genuine	Tested_By_Cisco_50%_Non_Genuine		Grand Total
K&F	\$11,023	\$3,293	\$1,321		\$15,637
ADSI	\$348				\$348
Grand Total	\$11,371	\$3,293	\$1,321		\$15,985

Defendants Gross Profits	Non-Genuine	80% Non-Genuine	50% Non-Genuine	Total
K&F	\$14,757	\$3,526	\$884	\$20,933
PureFutureTech	\$1,912	\$0	\$0	\$1,912
Total Gross Profits	\$16,669	\$3,526	\$884	\$22,845

Est. Commission Expense	15%			
K&F	(\$2,213)	(\$529)	(\$133)	(\$3,140)
PureFutureTech	(\$287)	\$0	\$0	(\$287)
Total Gross Profits	(\$2,500)	(\$529)	(\$133)	(\$3,427)

Estimated Net Profits				
K&F	\$12,543	\$2,997	\$752	\$17,793
PureFutureTech	\$1,625	\$0	\$0	\$1,625
Total Net Profits	\$14,168	\$2,997	\$752	\$19,418

Notes:

Source data is ADSI00334-337, KFA00002-006, and Ex. 15.
 1 - See Uddin Tr. 21:1-2 estimating the middle tier for sales commission of 15% of gross profit.

Cisco v. ADSI et al
Schedule 5a - Cisco Lost Profits (Transceivers)
Expert Report of Greg J. Regan, CPA/CFF, CFE

	2015	2016	2017	2018	2019	Total
Cisco Sales at Net Distributor Price (Sch. 5b)	\$3,582,717	\$3,070,740	\$2,112,024	\$4,186,365	\$0	\$12,951,846
Incremental COGS	(\$1,476,269)	(\$1,190,990)	(\$823,278)	(\$1,656,687)	\$0	(\$5,147,224)
COGS % (Sch. 9)	41.2%	38.8%	39.0%	39.6%	38.7%	39.7%
Gross Profit:	\$2,106,448	\$1,879,751	\$1,288,746	\$2,529,678	\$0	\$7,804,622
Selling, General & Administrative Expense	(\$863,668)	(\$710,896)	(\$491,302)	(\$962,787)	\$0	(\$3,028,654)
SG&A Expense Rate (Sch. 9)	24.1%	23.2%	23.3%	23.0%	22.7%	23.4%
Lost Profits	\$1,242,780	\$1,168,854	\$797,443	\$1,566,890	\$0	\$4,775,968
Assumed Award Date	9/30/2020					
Number of Years (Mid-point)	5.3	4.3	3.3	2.3	1.3	
Prejudgment Interest	10%					
	\$653,396	\$497,324	\$259,551	\$353,302	\$0	\$1,763,572

Cisco v. ADSI et al
Schedule 5b - Estimated Cisco Sales (Transceivers)
Expert Report of Greg J. Regan, CPA/CFF, CFE

HM_Intercompany_Sale	No	<i>Does not equal "LIN105" or "VOD_HM" or Cisco Tested</i>
HM_Product_Family	Transceiver	
HM_Final_Vend	(Multiple Items)	

Sum of HM_Cisco_Sales_Net Column Labels						
Row Labels	2015	2016	2017	2018	2019	Grand Total
K&F	\$3,529,937	\$2,900,674	\$2,066,187	\$4,083,089	\$0	\$12,579,888
ADSI	\$52,779	\$170,066	\$45,837	\$103,275		\$371,958
Grand Total	\$3,582,717	\$3,070,740	\$2,112,024	\$4,186,365	\$0	\$12,951,846

Source data:

Defendant transactions is ADSI00334-337, KFA00002-006, Ex. 15.
Cisco files entitled "PIDS for product families 041620" and "Cisco GLPs."

Cisco v. ADSI et al
Schedule 5c - Defendants Unjust Enrichment (Transceivers)
Expert Report of Greg J. Regan, CPA/CFF, CFE

HM_Intercompany_Sale	No	
HM_Product_Family	Transceiver	
HM_Final_Vend	(Multiple Items)	Does not equal "LIN105" or "VOD_HM"

Defendants Total Sales: Column Labels						
Row Labels	2015	2016	2017	2018	2019	Grand Total
K&F	\$710,203	\$448,633	\$243,396	\$189,914	\$9,476	\$1,601,622
ADSI	\$18,430	\$59,823	\$20,736	\$40,807		\$139,797
Grand Total	\$728,633	\$508,456	\$264,132	\$230,722	\$9,476	\$1,741,418

HM_Intercompany_Sale	No	
HM_Product_Family	Transceiver	
HM_Final_Vend	(All)	Does not equal "LIN105" or "VOD_HM"

Defendants COGS: Column Labels						
Row Labels	2015	2016	2017	2018	2019	Grand Total
K&F	\$305,798	\$192,882	\$105,368	\$87,365	\$5,532	\$696,945
ADSI	\$14,962	\$39,925	\$23,681	\$26,917		\$105,485
Grand Total	\$320,760	\$232,807	\$129,049	\$114,282	\$5,532	\$802,429

Defendants Gross Profit:	2015	2016	2017	2018	2019	Total
K&F	\$404,405	\$255,751	\$138,028	\$102,549	\$3,944	\$904,677
ADSI	\$3,468	\$19,898	(\$2,945)	\$13,890	\$0	\$34,312
Total Gross Profits	\$407,873	\$275,649	\$135,083	\$116,440	\$3,944	\$938,989

Est. Commission Expense	15%					
K&F	(\$60,661)	(\$38,363)	(\$20,704)	(\$15,382)	(\$592)	(\$135,702)
ADSI	(\$520)	(\$2,985)	\$442	(\$2,084)	\$0	(\$5,147)
Total Gross Profits	(\$61,181)	(\$41,347)	(\$20,262)	(\$17,466)	(\$592)	(\$140,848)

Estimated Net Profits						
K&F	\$343,744	\$217,389	\$117,324	\$87,167	\$3,352	\$768,976
ADSI	\$2,948	\$16,913	(\$2,503)	\$11,807	\$0	\$29,165
Total Net Profits	\$346,692	\$234,302	\$114,821	\$98,974	\$3,352	\$798,141

Notes:

Source data is ADSI00334-337, KFA00002-006, and Ex. 15.

1 - See Uddin Tr. 21:1-2 estimating the middle tier for sales commission of 15% of gross profit.

Cisco v. ADSI et al**Schedule 5d - Defendants Transceiver Purchase Data****Expert Report of Greg J. Regan, CPA/CFF, CFE**

HM_Intercompany_Sale	No
HM_Product_Family	Transceiver

HM_Intercompany_Sale	No
HM_Product_Family	Transceiver

Row Labels	Sum of extprice
(blank)	\$1,717,896 93%
VOD100	\$24,071
LIN105	\$15,492
K&F100	\$13,460
ING100	\$13,154
SHE101	\$11,543
MJ100	\$7,600
SER106	\$7,400
AMA103	\$6,494
WUH100	\$5,890
PFT101	\$3,729
ENE100	\$2,650
ME100	\$2,250
HON102	\$1,916
ICI100	\$1,750
FIB105	\$1,590
STI101	\$890
ODS100	\$730
NEWEGG	\$575
ODSII	\$232
CHI102	\$0
Grand Total	\$1,839,311

Sum of extprice	Column Labels					
Row Labels	SFP-10G-SR	GLC-T	GLC-SX-MMD	SFP-10G-LR	GLC-LH-SMD	Grand Total
(blank)	\$269,761	\$222,776	\$185,206	\$178,526	\$174,671	\$1,030,940
LIN105	\$2,880		\$4,572		\$1,250	\$8,702
K&F100	\$8,000					\$8,000
AMA103	\$2,147	\$3,162	\$90			\$5,399
SHE101		\$800	\$3,850			\$4,650
ME100		\$2,250				\$2,250
ICI100		\$1,750				\$1,750
ENE100		\$330				\$330
VOD100			\$0		\$300	\$300
PFT101					\$106	\$106
CHI102			\$0			\$0
Grand Total	\$282,788	\$231,068	\$193,718	\$178,526	\$176,327	\$1,062,427
% Blank	95%	96%	96%	100%	99%	97%

Cisco v. ADSI et al
Schedule 6a - Cisco Lost Profits (No Vendor Identified)
Expert Report of Greg J. Regan, CPA/CFF, CFE

	2015	2016	2017	2018	2019	Total
Cisco Sales at Net Distributor Price (Sch. 6b)	\$508,964	\$749,781	\$1,619,272	\$1,483,353	\$0	\$4,361,370
Incremental COGS	(\$209,720)	(\$290,803)	(\$631,201)	(\$587,013)	\$0	(\$1,718,738)
COGS % (Sch. 9)	41.2%	38.8%	39.0%	39.6%	38.7%	39.4%
Gross Profit:	\$299,244	\$458,977	\$988,071	\$896,340	\$0	\$2,642,633
Selling, General & Administrative Expense	(\$122,694)	(\$173,579)	(\$376,678)	(\$341,144)	\$0	(\$1,014,094)
SG&A Expense Rate (Sch. 9)	24.1%	23.2%	23.3%	23.0%	22.7%	23.3%
Lost Profits	\$176,551	\$285,398	\$611,393	\$555,196	\$0	\$1,628,538
Assumed Award Date	9/30/2020					
Number of Years (Mid-point)	5.3	4.3	3.3	2.3	1.3	
Prejudgment Interest	7%	\$64,975	\$85,002	\$139,297	\$87,630	\$0 \$376,904

Cisco v. ADSI et al**Schedule 6b - Estimated Cisco Sales (No Vendor Identified)****Expert Report of Greg J. Regan, CPA/CFF, CFE**

HM_Intercompany_Sale	No	
HM_Product_Family	(Multiple Items)	<i>Excludes Transceiver</i>
HM_Final_Vend	0	<i>Blank vendors</i>

Sum of HM_Cisco_Sales_Net Column Labels						
Row Labels	2015	2016	2017	2018	2019	Grand Total
K&F	\$490,440	\$213,099	\$1,395,094	\$1,483,353	\$0	\$3,581,986
ADSI	\$18,525	\$536,682	\$224,178	\$0		\$779,385
Grand Total	\$508,964	\$749,781	\$1,619,272	\$1,483,353	\$0	\$4,361,370

Source data:

Defendant transactions is ADSI00334-337, KFA00002-006, Ex. 15.
Cisco files entitled "PIDS for product families 041620", and "Cisco GLPs".

Cisco v. ADSI et al
Schedule 6c - Defendants Unjust Enrichment (No Vendor Identified)
Expert Report of Greg J. Regan, CPA/CFF, CFE

HM_Intercompany_Sale	No	
HM_Product_Family	(Multiple Items)	<i>Excluding Transceivers</i>
HM_Final_Vend	0	<i>Only blank vendors</i>

Defendants Total Sale: Column Labels						
Row Labels	2015	2016	2017	2018	2019	Grand Total
K&F	\$402,124	\$139,821	\$495,070	\$485,124	\$39,822	\$1,561,962
ADSI	\$66,298	\$316,949	\$117,204	-\$21,962		\$478,489
Grand Total	\$468,422	\$456,771	\$612,274	\$463,162	\$39,822	\$2,040,451

HM_Intercompany_Sale	No	
HM_Product_Family	(Multiple Items)	<i>Excluding Transceivers</i>
HM_Final_Vend	0	<i>Only blank vendors</i>

Defendants COGS Column Labels						
Row Labels	2015	2016	2017	2018	2019	Grand Total
K&F	\$171,947	\$59,787	\$211,691	\$210,318	\$17,028	\$670,772
ADSI	\$62,379	\$179,650	\$60,562	-\$17,021		\$285,571
Grand Total	\$234,326	\$239,438	\$272,253	\$193,297	\$17,028	\$956,342

<u>Defendants Gross Profit</u>	2015	2016	2017	2018	2019	Total
K&F	\$230,177	\$80,034	\$283,379	\$274,806	\$22,794	\$891,190
ADSI	\$3,919	\$137,299	\$56,642	(\$4,941)	\$0	\$192,919
Total Gross Profits	\$234,096	\$217,333	\$340,021	\$269,865	\$22,794	\$1,084,109

<u>Est. Commission Expense</u>	15%					
K&F	(\$34,526)	(\$12,005)	(\$42,507)	(\$41,221)	(\$3,419)	(\$133,678)
ADSI	(\$588)	(\$20,595)	(\$8,496)	\$741	\$0	(\$28,938)
Total Gross Profits	(\$35,114)	(\$32,600)	(\$51,003)	(\$40,480)	(\$3,419)	(\$162,616)

<u>Estimated Net Profits</u>						
K&F	\$195,650	\$68,029	\$240,872	\$233,585	\$19,375	\$757,511
ADSI	\$3,331	\$116,704	\$48,146	(\$4,200)	\$0	\$163,981
Total Net Profits	\$198,982	\$184,733	\$289,018	\$229,385	\$19,375	\$921,493

Notes:

Source data is ADSI00334-337, KFA00002-006, and Ex. 15.

1 - See Uddin Tr. 21:1-2 estimating the middle tier for sales commission of 15% of

Cisco v. ADISI et al
Schedule 7 - Summary of Defendants Sales by Customer
Expert Report of Greg J. Regan, CPA/CFE, CFE

Sum of extrprice	Column Labels		
Row Labels	ADSI	K&F PureFutureTech	Grand Total
K&F ASSOC.(TAPE4BACKUP.COM)	\$1,995,887		\$1,995,887
GSA Contract GS-35F-0032Y (70)	\$1,219,010		\$1,219,010
n/a		\$1,128,850	\$1,128,850
DEXON Computer, Inc. 3230		\$765,449	\$765,449
PAYPAL	\$363,600		\$363,600
ADSI GSA		\$174,530	\$174,530
ACC INC		\$164,881	\$164,881
Federal Transaction Services, Inc		\$159,672	\$159,672
Lightning Technology, Inc.		\$117,016	\$117,016
OSI Hardware		\$98,969	\$98,969
Esilience Technologies, LLC		\$86,789	\$86,789
Golden Gate University	\$74,512		\$74,512
VTA	\$70,422		\$70,422
Parallel Technologies, Inc.		\$57,395	\$57,395
MSSI, LTD		\$54,073	\$54,073
Globetouch, Inc.	\$48,554		\$48,554
GSA CONTRACT GS-02F-0032R (75)	\$46,356		\$46,356
Solutek LA LLC		\$40,385	\$40,385
Data Q Direct		\$40,044	\$40,044
Abacus Technologies Inc		\$34,738	\$34,738
DEXON Computer			\$33,800
C Plus Electronics, Inc.		\$31,098	\$31,098
Allarea Contractors, Inc		\$30,404	\$30,404
West USA Realty		\$19,340	\$10,790
Mohawk Network Solutions, 3534		\$25,485	\$25,485
ITECH Devices, Inc	\$25,070		\$25,070
Vigilant 4040		\$25,047	\$25,047
GM CRUISE LLC	\$23,908		\$23,908
Atlantis Casino Resort Spa	\$23,809		\$23,809
ASSURED TECHNOLOGY	\$22,916		\$22,916
TRILOGY INNOVATIONS, 0335		\$22,859	\$22,859
PeopleNcomm Inc		\$21,213	\$21,213
Murtala, Abdul Muhammed 3800		\$19,962	\$19,962
KomKonsult L.L.C		\$19,150	\$19,150
ABARAM / ABACUS NETWORK SOLUTIONS		\$18,309	\$18,309
9201 East Bloomington			\$16,220
Alfa Electronics Supply, Inc.		\$13,316	\$13,316
NCR			\$13,266
Bellingham School District 6515		\$13,243	\$13,243
ALAMEDA ALLIANCE FOR HEALTH	\$13,226		\$13,226
QCH, Inc., a Nevada Corporation	\$12,543		\$12,543
IP Technology - UK		\$12,151	\$12,151
American Networks LLC		\$11,982	\$11,982
TEVET LLC		\$11,400	\$11,400
GLOBAL CASH ACCESS, INC.	\$11,310		\$11,310
Dell Financial Services L.L.C.	\$11,244		\$11,244
STSS 3656		\$11,200	\$11,200
Worldwide Supply		\$11,200	\$11,200
HILMAR CHEESE COMPANY	\$10,903		\$10,903
HMS Business Services	\$10,724		\$10,724
DATA SALES CO.	\$10,549		\$10,549
Comtek Network Systems		\$10,200	\$10,200
LATINEX TARDING CORPORATION		\$10,090	\$10,090
Quettawala Inc		\$9,956	\$9,956
Wave 2 Wave	\$9,870		\$9,870
FirsTech Inc.		\$9,765	\$9,765
QUANTA MFG NASHVILLE LLC	\$9,670		\$9,670
ISONIC	\$9,296		\$9,296
BLOOM ENERGY CORPORATION	\$8,973		\$8,973
TEL-CONN		\$8,800	\$8,800
SAMSUNG SEMICONDUCTOR, INC.	\$8,753		\$8,753
Ricoh Innovations Corp.	\$8,396		\$8,396
EeZee Solutions Inc	\$8,385		\$8,385
Tech Data Reseller, 2939		\$8,310	\$8,310
HARDWARE NATION, 5847		\$7,740	\$7,740
Tech for Solutions, LLC 0034		\$7,661	\$7,661
New Advantage Corp.		\$7,452	\$7,452
Primus solutions Inc.		\$7,301	\$7,301
PICS Telecom International		\$7,300	\$7,300
Teksavers		\$7,000	\$7,000
GLOBECOM		\$6,560	\$6,560
xel [usa] inc.		\$6,240	\$6,240
Marshall Farms Group, Ltd		\$6,196	\$6,196
ENVIVIO INC.	\$6,163		\$6,163
Minncom Companies, Inc.		\$5,772	\$5,772
Pantera Communications LLC		\$5,650	\$5,650
AK7-IT		\$5,600	\$5,600
FS24 SRL		\$5,546	\$5,546
Knowledge Computers Ltd.		\$5,534	\$5,534
US ARMY Public Works		\$5,528	\$5,528
Link-US			\$5,525
Cloud share		\$5,370	\$5,370
4700 Warm Spring Blvd			\$5,250
High Performance IT Consulting 0829		\$5,241	\$5,241
Easy Hardware Trading		\$5,100	\$5,100
RR Media Inc		\$5,100	\$5,100
Saba Software, Inc.	\$4,852		\$4,852
Internet Communications, Inc		\$4,780	\$4,780
M&M Trading Company of Miami INC		\$4,598	\$4,598
ADSI			\$4,470
Megnet Ltd.		\$4,430	\$4,430
LINK-US LLC		\$4,430	\$4,430
Technology & Finance Int'l (SA) Pty Ltd		\$4,340	\$4,340
M&M Trading Company of Miami			\$4,200
Philip Morris USA-Park 500		\$4,100	\$4,100
Philip Morris USA		\$4,050	\$4,050
Acceller Technologies /Tech for Solutions		\$3,723	\$3,723

Cisco v. ADSI et al
Schedule 7 - Summary of Defendants Sales by Customer
Expert Report of Greg J. Regan, CPA/CFE, CFE

Sum of extprice	Column Labels		
Row Labels	ADSI	K&F PureFutureTech	Grand Total
Attn: Theresa, 1819 SW 5th Ave		\$3,650	\$3,650
Flex Int'l USA Inc	\$3,489		\$3,489
Office of Justice Programs		\$3,404	\$3,404
QUANTA COMPUTER USA, INC.	\$3,393		\$3,393
MIB Sigurnoshi Infomaticki Sustavi D.O.O		\$3,360	\$3,360
New Orleans Convention Center		\$3,300	\$3,300
QuadGen Wireless Solutions Inc.		\$3,250	\$3,250
Via Information Technology, 2737		\$3,182	\$3,182
Centrex Electrical Supply Corp.		\$3,156	\$3,156
U.S. Department of Justice		\$3,102	\$3,102
USDA, ARS, ERRC		\$3,090	\$3,090
NetXperts		\$3,070	\$3,070
Gnutti Carlo USA		\$3,064	\$3,064
Gigster Products Inc		\$3,040	\$3,040
Emerald Resource		\$3,036	\$3,036
FBI Academy		\$2,985	\$2,985
ARCAS TECHNOLOGY INC, 9999		\$2,959	\$2,959
Nokia Corporation		\$2,943	\$2,943
GSA CONTRACT # GS-02-0032R (75)	\$2,884		\$2,884
MultiSol Inc		\$2,784	\$2,784
ALLIANCE NETWORK RESOLUTIONS		\$2,686	\$2,686
NETWORK SUPPLY, LLC, 2680		\$2,672	\$2,672
A&L Aircraft Products, Inc.		\$2,400	\$2,400
US Airforce / 262 Operations Squadron		\$2,350	\$2,350
Calithera Biosciences, Inc	\$2,350		\$2,350
RB Data Systems Inc.		\$2,275	\$2,275
MODERN ENTERPRISE		\$2,159	\$2,159
M GLOBAL SERVICES		\$2,002	\$2,002
Vology		\$2,000	\$2,000
Bloomberg LP 6686		\$1,950	\$1,950
Wiesner, Linda		\$1,784	\$1,784
A1 Teletronics Inc.		\$1,770	\$1,770
Into Netwroks		\$1,684	\$1,684
Ohio Dept of Transportation		\$1,677	\$1,677
OLMOS Technologies GmbH		\$1,675	\$1,675
Redeploy Technologies		\$1,656	\$1,656
GOLDBELT FALCON, LLC		\$1,656	\$1,656
Group Services COVI, S.A.		\$1,640	\$1,640
Arrowhead Global LLC		\$1,607	\$1,607
NETCOM G6		\$1,600	\$1,600
Solutions Guam LLC		\$1,590	\$1,590
Hujaya Supply LLC		\$1,582	\$1,582
FireEye Inc.	\$1,490		\$1,490
DIGITS GmbH		\$1,444	\$1,444
Revention		\$1,411	\$1,411
Computer Matrix		\$1,380	\$1,380
Cherokee County Water & Sewerage		\$1,361	\$1,361
1 Click Tech		\$1,314	\$1,314
Lincoln County School District		\$1,298	\$1,298
Hunt, Aaron 0228		\$1,207	\$1,207
Evco Sound & Electronics, Inc.	\$1,192		\$1,192
ODSI, 0910		\$1,170	\$1,170
TJR Global 2200		\$1,140	\$1,140
TEXAS GULF SUPPLY		\$1,100	\$1,100
CTrends		\$1,080	\$1,080
PQ Corporation 3020		\$1,068	\$1,068
Online Digital Solutions Limited	\$1,052		\$1,052
DISCOUNTMICROSALES (DMS)		\$1,010	\$1,010
TECH-MICRO 9992		\$984	\$984
(BVSTV) BROADCAST VIDEO SOLUTIONS		\$980	\$980
All Area Contractors		\$960	\$960
National Radio Astronomy Observatory		\$925	\$925
TRIVAD		\$913	\$913
VMsources		\$870	\$870
Link-US, LLC	\$840		\$840
City of Michigan City		\$822	\$822
J.L.M.P. International Guam		\$819	\$819
Watchdog Security		\$792	\$792
Continental Data Graphics		\$768	\$768
Hautelook		\$764	\$764
BIYTC, LLC		\$714	\$714
A.E.R.T.		\$696	\$696
Harris		\$696	\$696
Exelis Inc., Information Systems Division		\$690	\$690
Telecommken		\$664	\$664
Worldcom Exchange, Inc.		\$656	\$656
Server Tech Supply		\$650	\$650
Leprino Foods		\$631	\$631
NAVARRO, Antonio		\$603	\$603
PEMICA INC.		\$603	\$603
OLIN		\$603	\$603
TBI Telecomm Brokers Intl. Inc.		\$597	\$597
Bureau of Indian Affairs		\$594	\$594
Level4 Solutions		\$560	\$560
NetApp		\$558	\$558
Onecall Telecom		\$552	\$552
Solano First Federal Credit Union		\$550	\$550
Fleetcor Technologies, LLC		\$548	\$548
SelectTech Services Corp		\$540	\$540
Business Computer Resources, Inc.		\$532	\$532
Universal Electronic Alarms		\$528	\$528
World Tech Solutions		\$525	\$525
Waco Electronics		\$485	\$485
Te, Steve 0755		\$480	\$480
Emerald Performance Materials		\$440	\$440
DIGI DEVICES ONLINE		\$420	\$420
JQ AMERICAN CORP		\$402	\$402

Cisco v. ADISI et al
Schedule 7 - Summary of Defendants Sales by Customer
Expert Report of Greg J. Regan, CPA/CFE

Sum of extprice	Column Labels		
Row Labels	ADSI	K&F PureFutureTech	Grand Total
PAUL'S CUSTOMER	\$400		\$400
RUCKUS WIRELESS	\$400		\$400
Preferred Homecare		\$400	\$400
Fox Network Group		\$396	\$396
IMRF		\$396	\$396
Cybertek		\$396	\$396
DO NOT USE. USE ARR103	\$390		\$390
Rave Networkx (A div. of Link US)		\$390	\$390
Worldwide Fiber Optics, Inc		\$388	\$388
Bogen, Matthew 0355		\$388	\$388
Advanced Networks of Texas		\$375	\$375
City of Knoxville		\$368	\$368
Pillar of Fire		\$368	\$368
AVPS, Inc.		\$356	\$356
CSC		\$356	\$356
Layer 4 Telecom		\$353	\$353
Blue Earth Services & Technology		\$352	\$352
Wired Tech Group		\$348	\$348
ULTRA CLEAN TECHNOLOGY	\$340		\$340
LAKE HAVASU UNIFIED SCHOOL DISTRICT NO. 1		\$332	\$332
Value Pay Services		\$327	\$327
ViON Corporation		\$301	\$301
TransFirst LLC		\$301	\$301
CINTEK SYSTEM INC		\$297	\$297
Kemper Corporate Services, Inc		\$297	\$297
Walker and Associates, Inc.		\$294	\$294
Providence place		\$273	\$273
Greenville County		\$270	\$270
George P. Johnson		\$270	\$270
Video Security Specialists		\$270	\$270
CITY OF SALEM, 4034		\$265	\$265
Applied Control Technologies, Inc.		\$262	\$262
MOY, BILLY 3284		\$256	\$256
MICROPEER SOLUTIONS INC		\$235	\$235
Kobre & Kim LLP		\$220	\$220
L-3 KEO		\$220	\$220
Milspec Services		\$206	\$206
Warner Truck Center		\$201	\$201
Gallant, Michael 3820		\$201	\$201
GKN Aerospace		\$201	\$201
Peak10		\$201	\$201
IPFone		\$201	\$201
Manhattan Associates		\$201	\$201
Expresstronics		\$201	\$201
RML Automotive Group, Care of Supernap		\$201	\$201
Recommind, Inc 7899		\$201	\$201
Federal Signal Corp		\$200	\$200
Aerrotek Software Solutions Inc.		\$200	\$200
Tektronix		\$198	\$198
Verotek		\$198	\$198
JT3		\$198	\$198
CED Consolidated Electrical Distributors		\$198	\$198
GlaserWeil		\$198	\$198
Dynamic Manufacturing		\$198	\$198
Summit Racing Equipment		\$189	\$189
NetWolves		\$189	\$189
Cherry Stone IT 0505		\$188	\$188
CSRA		\$184	\$184
Equinox Payments		\$184	\$184
Cayuga Centers		\$178	\$178
GEO GROUP INC.		\$178	\$178
Kratos PSS		\$178	\$178
AML RIVERSIDE		\$178	\$178
NetCentra, Inc.		\$176	\$176
KAET/Eight		\$176	\$176
IT Parts Express		\$166	\$166
Bosch, Timothy 2939		\$156	\$156
MOBILEUM, INC.	\$153		\$153
Peninsula Innovation Partners, LLC	\$139		\$139
Comcast		\$130	\$130
Apcela		\$129	\$129
Premiere Communications		\$112	\$112
RAJ & ASSOCIATES		\$110	\$110
Salem Electric, VA		\$110	\$110
Adelcomm		\$101	\$101
ENERFAB		\$100	\$100
Harbor Freight Tools		\$100	\$100
WESTAT		\$100	\$100
Griess, Gordon		\$99	\$99
AT&T (San Ramon CA)		\$99	\$99
Folger Shakespeare Library		\$97	\$97
GOOGLE, INC.	\$95		\$95
HCentive		\$92	\$92
F1 Consultancy Ltd		\$90	\$90
Wausau Tile Inc		\$90	\$90
University of Texas at Austin		\$89	\$89
Hampton Roads Transit		\$89	\$89
Allegis Group		\$88	\$88
BERNAL, MANUEL 2101		\$70	\$70
Visit Baltimore		\$66	\$66
IP Supply Pty. Ltd		\$0	\$0
SOLATURE, LLC		\$0	\$0
Communications Data Group		\$0	\$0
SAFARI MICRO INCORPORATED		\$0	\$0
Sheikh, Kamran 9225		\$0	\$0
Innovative Technologies (VA)		\$0	\$0
Beatitudes Campus		\$0	\$0

Cisco v. ADSI et al
Schedule 7 - Summary of Defendants Sales by Customer
Expert Report of Greg J. Regan, CPA/CFF, CFE

Sum of extprice		Column Labels		
Row Labels		ADSI	K&F PureFutureTech	Grand Total
KLA - TENCOR		\$0		\$0
Grand Total		\$4,087,505	\$3,598,091	\$98,131 \$7,783,727

Notes:
Source data is ADSI00334-337, KFA00002-006, and Ex. 15.

Cisco v. ADSI et al
Schedule 8 - Summary of Defendants Sales by Vendor
Expert Report of Greg J. Regan, CPA/CFF, CFE

Sum of extprice our_vend	HM_Intercompany_Sale ADSI to K&F	K&F to ADSI	No	Grand Total
(blank)	\$1,995,747	\$174,530	\$4,098,560	\$6,268,837
VOD100			\$804,000	\$804,000
K&F100			\$180,207	\$180,207
MEM102			\$105,218	\$105,218
AMA103			\$59,184	\$59,184
ING100			\$48,232	\$48,232
TTG100			\$31,316	\$31,316
SER106			\$29,000	\$29,000
ARD100			\$26,367	\$26,367
MIC119			\$23,888	\$23,888
SYN100			\$21,580	\$21,580
GLO107			\$20,800	\$20,800
LIN105	\$140		\$18,682	\$18,822
CAL111			\$18,239	\$18,239
ORI101			\$12,385	\$12,385
ENH100			\$12,250	\$12,250
SHE101			\$11,543	\$11,543
DAT114			\$10,832	\$10,832
TEK104			\$9,675	\$9,675
ARB100			\$9,371	\$9,371
MJ100			\$8,591	\$8,591
HUL100			\$5,900	\$5,900
WUH100			\$5,890	\$5,890
PFT101			\$4,569	\$4,569
TDO100			\$3,697	\$3,697
ATEC			\$3,419	\$3,419
NEWEGG			\$2,987	\$2,987
ENE100			\$2,650	\$2,650
STI101			\$2,528	\$2,528
ME100			\$2,250	\$2,250
C&C100			\$2,070	\$2,070
HON102			\$1,916	\$1,916
GET100			\$1,840	\$1,840
ICI100			\$1,750	\$1,750
FIB105			\$1,590	\$1,590
CDW100			\$1,445	\$1,445
SOT100			\$1,275	\$1,275
PA100			\$1,240	\$1,240
PCH100			\$947	\$947
CEN105			\$890	\$890
ATL105			\$805	\$805
ACC104			\$750	\$750
ODS100			\$730	\$730
TEC100			\$564	\$564
CAB108			\$420	\$420
DOT100			\$415	\$415
DIA102			\$400	\$400
ODSII			\$232	\$232
SOL107			\$153	\$153
HUM102			\$70	\$70
BON100			\$0	\$0
ABA100			\$0	\$0
CHI102			\$0	\$0
Grand Total	\$1,995,887	\$174,530	\$5,613,310	\$7,783,727
			73%	

HM_Sale_Made_By: ADSI

Sum of extprice our_vend	HM_Intercompany_Sale ADSI to K&F	No	Grand Total
(blank)	\$1,995,747	\$576,868	\$2,572,615 63%
VOD100		\$804,000	\$804,000
K&F100		\$180,207	\$180,207
MEM102		\$105,218	\$105,218
AMA103		\$59,184	\$59,184
ING100		\$48,232	\$48,232
TTG100		\$31,316	\$31,316
SER106		\$29,000	\$29,000
ARD100		\$26,367	\$26,367
MIC119		\$23,888	\$23,888
SYN100		\$21,580	\$21,580
GLO107		\$20,800	\$20,800
LIN105	\$140	\$18,682	\$18,822
CAL111		\$18,239	\$18,239
ORI101		\$12,385	\$12,385
ENH100		\$12,250	\$12,250
SHE101		\$11,543	\$11,543
DAT114		\$10,832	\$10,832
TEK104		\$9,675	\$9,675
ARB100		\$9,371	\$9,371
MJ100		\$8,591	\$8,591
HUL100		\$5,900	\$5,900
WUH100		\$5,890	\$5,890
PFT101		\$4,569	\$4,569
TDO100		\$3,697	\$3,697
ATEC		\$3,419	\$3,419
NEWEGG		\$2,987	\$2,987
ENE100		\$2,650	\$2,650
STI101		\$2,528	\$2,528
ME100		\$2,250	\$2,250
C&C100		\$2,070	\$2,070
HON102		\$1,916	\$1,916
GET100		\$1,840	\$1,840
ICI100		\$1,750	\$1,750
FIB105		\$1,590	\$1,590
CDW100		\$1,445	\$1,445
SOT100		\$1,275	\$1,275
PA100		\$1,240	\$1,240
PCH100		\$947	\$947
CEN105		\$890	\$890
ATL105		\$805	\$805
ACC104		\$750	\$750
ODS100		\$730	\$730
TEC100		\$564	\$564
CAB108		\$420	\$420
DOT100		\$415	\$415
DIA102		\$400	\$400
ODSII		\$232	\$232
SOL107		\$153	\$153
HUM102		\$70	\$70
BON100		\$0	\$0
ABA100		\$0	\$0
CHI102		\$0	\$0
Grand Total	\$1,995,887	\$2,091,618	\$4,087,505

Cisco v. ADSI et al**Schedule 9 - Cisco Historical Cost Analyses****Expert Report of Greg J. Regan, CPA/CFF, CFE**

	2013	2014	2015	2016	2017	2018	2019	Total
<u>Gross Profit Calculation</u>								
Product Sales, net	\$38,029	\$36,172	\$37,750	\$37,254	\$35,705	\$36,709	\$39,005	\$260,624
Product Cost of Goods Sold	(\$15,719)	(\$15,181)	(\$15,555)	(\$14,449)	(\$13,918)	(\$14,527)	(\$15,083)	(\$104,432)
Product Gross Profit	\$22,310	\$20,991	\$22,195	\$22,805	\$21,787	\$22,182	\$23,922	\$156,192
Cost of Goods Sold %	41.3%	42.0%	41.2%	38.8%	39.0%	39.6%	38.7%	40.1%
<u>Operating Expense Calculation</u>¹								
Total Sales	\$48,607	\$47,142	\$49,161	\$49,247	\$48,005	\$49,330	\$51,904	\$343,396
Selling General & Admin Exp.	\$11,761	\$11,430	\$11,851	\$11,401	\$11,167	\$11,345	\$11,777	\$80,732
Operating Expense %	24.2%	24.2%	24.1%	23.2%	23.3%	23.0%	22.7%	23.5%

Notes:Data obtained from S&P Capital IQ, which is included in the native version of these schedules (*see* schedules 12.3 and 12.4).

1 - The calculation of lost profits deducts variable costs. These figures include both fixed and variable costs, which reduces lost profits.

Cisco v. ADSI et al
Schedule 10a - Reconciliation of Defendant Data Files
Expert Report of Greg J. Regan, CPA/CFF, CFE

Seller	Total Sales	Intercompany Sales	Net Sales
ADSI	\$ 4,087,505	\$ (1,995,887)	\$ 2,091,618
K&F	\$ 3,535,873	\$ (174,530)	\$ 3,361,343
K&F - Appended Data	\$ 62,218		\$ 62,218
PureFutureTech	\$ 98,131	\$ (98,131)	\$ -
Total	\$ 7,783,727	\$ (2,268,548)	\$ 5,515,179

Amount Addressed in:	Net Sales
LINK-US	\$ 91,693
Vodanet	\$ 427,889
Transceivers	\$ 1,741,418
Specifically Tested Sales	\$ 38,830
No Vendor Identified	\$ 2,040,451
Subtotal	\$ 4,340,281
Amount Excluded	\$ 1,174,898
Total	\$ 5,515,179
Difference	\$ -

Cisco v. ADSI et al
Schedule 10b - Estimated Defendants Cost of Goods Sold
Expert Report of Greg J. Regan, CPA/CFF, CFE

K&F Cost of Purchases from ADSI¹

Sum of Amount	
Years	Total
2017	\$569,227
2018	\$362,108
Grand Total	\$931,334
<i>K&F Cost/ADSI Sales Price</i>	
	95%

ADSI Sales to Customers

Sum of extcost		
HM_K&F_Flag	Years	Total
K&F	2017	\$564,148
	2018	\$415,271
Grand Total		\$979,419

K&F Sales to Customers

Sum of Total Sales price	
Years	Total
2017	\$824,314
2018	\$802,748
Grand Total	\$1,627,062

K&F Gross Profit	\$ 695,728
K&F Gross Profit %	43%

Notes:

1 - The sales data produced by non-ADSI defendants did not include product acquisition cost. This analysis estimates COGS based on K&F purchases of products from ADSI. The data regarding K&F's purchase of products from ADSI, however, was only produced for 2017 and 2018.

Cisco v. ADSI et al

Schedule 10c - Defendant Sales Not Matched to Cisco GLP

Expert Report of Greg J. Regan, CPA/CFF, CFE

HM_Intercompany_Sale	No
Cisco GLP	(Multiple Items)

Sum of extprice	
HM_Product_Family	Total
Switch	\$390,965
Transceiver	\$102,395
SMARTnet	\$55,298
N/A	\$37,909
Module	\$35,549
Wireless	\$24,480
Phone	\$23,631
other	\$21,633
Power	\$20,148
Router	\$18,253
License	\$16,726
Firewall	\$7,972
Small Business Switch	\$4,828
Not Cisco	\$77
Telepresence	\$0
Grand Total	\$759,862

Cisco v. ADSI et al

Schedule 11 - Partial List of Product Seizes by U.S. Customs

Expert Report of Greg J. Regan, CPA/CFF, CFE

Ref	Source	Importation Date	Description	Quantity	Exporter	Exporter Country	Importer	Importer Location
1	[1]	5/3/2016	Transceivers	100	FD Dispenser Co. Ltd	China	Uddin Networks	Fremont, CA
2	[1]	5/4/2016	Transceivers	64	FD Dispenser Co. Ltd	China	McIntosh Networks	Berkeley, CA
3	[1]	5/4/2016	Transceivers	100	FD Dispenser Co. Ltd	China	Uddin Networks	Fremont, CA
4	[1]	5/5/2016	Transceivers	103	FD Dispenser Co. Ltd	China	Uddin Networks	Fremont, CA
5	[2]	2/9/2018	Transceivers	56	Black Cat Trading	Hong Kong, China	McIntosh Networks	Reno, NV
6	[2]	3/10/2018	Networking Equipment	9	Dora.HE	China	McIntosh Networks	Reno, NV
7	[2]	3/24/2018	Transceivers	80	SZ Yifu Co Ltd	Hong Kong, China	Jessica McIntosh	Reno, NV
8	[3]	6/6/2017	GLC-SX-MM-RGD	9	Dongguan Na Cheng	China	McIntosh Networks	Reno, NV
9	[3]	9/2/2017	Transceivers	54	FD Dispenser Co. Ltd	China	McIntosh Networks	Reno, NV
10	[3]	12/2/2017	Transceivers	7	Shenzen Jelly Int'l Co Ltd	Hong Kong, China	McIntosh Networks	Reno, NV
11	[3]	5/8/2018	Transceivers	150	SZ Jelly Inter Trade Co	Hong Kong, China	McIntosh Networks	Reno, NV
12	[4]	10/29/2018	Switches	5	Rainbow Beijing Technology Co.	China	ASDII	Portland, OR
13	[5]	5/12/2016	Switches	2	Susan Sun	Hong Kong, China	Uddin Networks	Fremont, CA
14	[6]	10/6/2017	Transceivers	54	FD Dispenser Co. Ltd	China	McIntosh Networks	Reno, NV
15	[7]	5/12/2016	Switches	2	Susan Sun	Hong Kong, China	Uddin Networks	Fremont, CA

Source:

1. EX. 22 (Little).
2. Ex. 25 (Little).
3. Ex. 26 (Little). McIntosh Networks appears to have been misspelled in certain instances.
4. Ex. 32 (Lau).
5. Ex. 4 (Uddin).
6. Ex. 72.
7. Ex. 3 (Carter).

Cisco v. ADSI et al
Schedule 12.1 - Cisco Comparable Company Data (Inventory)
Expert Report of Greg J. Regan, CPA/CFF, CFE



Cisco Systems, Inc. (NasdaqGS:CSCO) > Financials > Ratios

	Restatement: Order: Source:	Latest Filings Latest on Right Capital IQ & Proprie	Period Type: Decimals:	Annual Capital IQ (Default)		
Ratios						
For the Fiscal Period Ending	12 months Jul-25-2015	12 months Jul-30-2016	12 months Jul-29-2017	12 months Jul-28-2018	12 months Jul-27-2019	LTM 12 months Jan-25-2020
Profitability						
Return on Assets %	6.5%	6.9%	6.3%	6.7%	8.6%	9.4%
Return on Capital %	8.7%	9.1%	8.3%	9.5%	13.9%	15.2%
Return on Equity %	15.4%	17.4%	14.8%	0.2%	30.3%	29.0%
Return on Common Equity %	15.4%	17.4%	14.8%	0.2%	30.3%	29.0%
Margin Analysis						
Gross Margin %	60.4%	62.7%	63.0%	62.3%	62.9%	64.0%
SG&A Margin %	24.1%	23.2%	23.3%	23.0%	22.7%	22.7%
EBITDA Margin %	27.6%	30.0%	30.5%	30.0%	30.7%	31.4%
EBITA Margin %	25.4%	27.9%	28.2%	27.8%	28.8%	29.6%
EBIT Margin %	23.0%	26.2%	26.5%	26.0%	27.3%	28.1%
Earnings from Cont. Ops Margin %	18.3%	21.8%	20.0%	0.2%	22.4%	21.4%
Net Income Margin %	18.3%	21.8%	20.0%	0.2%	22.4%	21.4%
Net Income Avail. for Common Margin %	18.3%	21.8%	20.0%	0.2%	22.4%	21.4%
Normalized Net Income Margin %	14.6%	16.7%	17.2%	16.8%	17.5%	17.9%
Levered Free Cash Flow Margin %	23.4%	22.4%	17.7%	20.8%	22.1%	21.9%
Unlevered Free Cash Flow Margin %	24.1%	23.3%	18.8%	22.0%	23.1%	22.8%
Asset Turnover						
Total Asset Turnover	0.5x	0.4x	0.4x	0.4x	0.5x	0.5x
Fixed Asset Turnover	14.9x	14.4x	14.1x	15.6x	17.9x	15.3x
Accounts Receivable Turnover	5.1x	4.9x	4.8x	4.8x	4.8x	5.7x
Inventory Turnover	12.1x	12.9x	12.6x	10.7x	11.9x	12.2x
Short Term Liquidity						
Current Ratio	3.1x	3.2x	3.0x	2.3x	1.5x	1.8x
Quick Ratio	3.0x	3.0x	2.9x	2.2x	1.4x	1.6x
Cash from Ops. to Curr. Liab.	0.5x	0.5x	0.5x	0.5x	0.5x	0.7x
Avg. Days Sales Out.	70.9	75.2	76.3	75.7	75.3	64.3
Avg. Days Inventory Out.	30.1	28.7	29.0	33.9	30.5	29.9
Avg. Days Payable Out.	22.9	25.6	27.7	34.9	41.2	38.6
Avg. Cash Conversion Cycle	78.1	78.3	77.6	74.6	64.6	55.6
Long Term Solvency						
Total Debt/Equity	42.5%	45.0%	51.0%	59.3%	73.5%	48.0%
Total Debt/Capital	29.8%	31.1%	33.8%	37.2%	42.4%	32.5%
LT Debt/Equity	35.9%	38.5%	38.9%	47.2%	43.1%	42.8%
LT Debt/Capital	25.2%	26.5%	25.8%	29.6%	24.9%	28.9%
Total Liabilities/Total Assets	47.3%	47.7%	49.1%	60.3%	65.7%	60.7%
EBIT / Interest Exp.	20.0x	19.1x	14.8x	13.6x	16.5x	19.3x
EBITDA / Interest Exp.	24.0x	21.8x	17.0x	15.7x	18.6x	22.0x
(EBITDA-CAPEX) / Interest Exp.	21.8x	20.1x	15.9x	14.8x	17.5x	20.9x
Total Debt/EBITDA	1.9x	1.9x	2.3x	1.7x	1.5x	1.0x
Net Debt/EBITDA	NM	NM	NM	NM	NM	NM
Total Debt/(EBITDA-CAPEX)	2.1x	2.1x	2.5x	1.8x	1.6x	1.1x
Net Debt/(EBITDA-CAPEX)	NM	NM	NM	NM	NM	NM
Altman Z Score	3.04	2.93	2.93	2.99	3.19	3.67
Growth Over Prior Year						
Total Revenue	4.3%	0.2%	(2.5%)	2.8%	5.2%	1.4%
Gross Profit	4.5%	4.0%	(2.1%)	1.7%	6.3%	4.4%
EBITDA	7.3%	8.8%	(0.7%)	1.0%	7.7%	5.9%
EBITA	8.9%	10.4%	(1.5%)	1.0%	9.1%	6.7%
EBIT	8.3%	14.1%	(1.1%)	0.8%	10.3%	7.1%
Earnings from Cont. Ops.	14.4%	19.6%	(10.5%)	(98.9%)	10,464.5%	(14.1%)
Net Income	14.4%	19.6%	(10.5%)	(98.9%)	10,464.5%	(14.1%)
Normalized Net Income	8.8%	14.8%	0.0%	0.6%	9.5%	6.5%
Diluted EPS before Extra	17.4%	20.6%	(10.0%)	(98.9%)	12,950.0%	(6.5%)
Accounts Receivable	5.6%	2.9%	(1.2%)	5.0%	4.4%	1.3%
Inventory	2.3%	(25.2%)	32.8%	14.2%	(25.1%)	(20.5%)
Net PP&E	2.5%	5.2%	(5.2%)	(9.5%)	(7.2%)	30.4%
Total Assets	7.9%	7.3%	6.7%	(16.2%)	(10.1%)	(11.7%)
Tangible Book Value	12.8%	4.9%	(1.8%)	(73.6%)	NM	(99.7%)
Common Equity	5.4%	6.5%	4.0%	(34.7%)	(22.3%)	(12.9%)
Cash from Ops.	1.8%	8.1%	2.3%	(1.5%)	15.8%	11.2%
Capital Expenditures	(3.8%)	(6.6%)	(15.9%)	(13.5%)	9.0%	(10.9%)
Levered Free Cash Flow	29.2%	(4.2%)	(23.1%)	21.1%	11.4%	39.4%
Unlevered Free Cash Flow	28.1%	(3.5%)	(21.3%)	20.4%	10.3%	35.7%
Dividend per Share	11.1%	17.5%	17.0%	12.7%	9.7%	6.1%

Cisco v. ADSI et al
Schedule 12.2 - Cisco Comparable Company Data (Inventory)
Expert Report of Greg J. Regan, CPA/CFF, CFE



Cisco Systems, Inc. (NasdaqGS:CSCO) > Quick Comparable Analysis > Financial Data

Details

Template: My Capital IQ Default Comps
Currency: US Dollar
As-Of Date: Apr-13-2020

Company Comp Set

Company Name	Day Close Price Latest	LTM Total Revenue	LTM EBITDA	FY-5 Inventory Turnover
Arista Networks, Inc. (NYSE:ANET)	202.08	2,410.7	838.6	2.65x
Juniper Networks, Inc. (NYSE:JNPR)	21.84	4,445.4	712.8	37.55x
Ciena Corporation (NYSE:CIEN)	44.43	3,626.5	534.8	5.32x
CommScope Holding Company, Inc. (NasdaqGS:COMM)	10.13	8,345.1	1,140.0	6.58x
Motorola Solutions, Inc. (NYSE:MSI)	146.24	7,887.0	2,122.0	8.79x
Nokia Corporation (HLSE:NOKIA)	3.25	25,425.3	2,717.6	6.52x
Plantronics, Inc. (NYSE:PLT)	12.37	1,762.4	246.6	6.29x
CalAmp Corp. (NasdaqGS:CAMP)	5.08	363.3	32.3	10.95x
ADTRAN, Inc. (NasdaqGS:ADTN)	8.95	530.1	(13.6)	3.62x
Digi International Inc. (NasdaqGS:DGI)	9.93	254.2	21.8	3.23x
Cisco Systems, Inc. (NasdaqGS:CSCO)	41.21	51,550.0	16,205.0	12.21x
Summary Statistics	Day Close Price Latest	LTM Total Revenue	LTM EBITDA	FY-5 Inventory Turnover
High	202.08	25,425.3	2,717.6	37.55x
Low	3.25	254.2	(13.6)	2.65x
Mean	46.43	5,505.0	835.3	9.15x
Median	11.25	3,018.6	623.8	6.41x

Displaying 11 Companies.

Values converted at today's spot rate.

Companies by default are sorted by S&P Capital IQ's proprietary relevancy score.

Cisco v. ADSI et al
Schedule 12.3 - Cisco P&L Data
Expert Report of Greg J. Regan, CPA/CFF, CFE

S&P
Capital IQ

Cisco Systems, Inc. (NasdaqGS:CSCO) > Financials > Income Statement

In Millions of the reported currency, except per share items.

Template: Standard
Period Type: Annual
Currency: Reported Currency
Units: S&P Capital IQ (Default)
Source: Capital IQ & Propriet

Restatement: Latest Filings
Order: Latest on Right
Conversion: Historical
Decimals: Capital IQ (Default)

Income Statement								
For the Fiscal Period Ending	Reclassified 12 months Jul-27-2013	Reclassified 12 months Jul-26-2014	Reclassified 12 months Jul-25-2015	Reclassified 12 months Jul-30-2016	Reclassified 12 months Jul-29-2017	Reclassified 12 months Jul-28-2018	12 months Jul-27-2019	LTM 12 months Jan-25-2020
Currency	USD	USD	USD	USD	USD	USD	USD	USD
Revenue	48,607.0	47,142.0	49,161.0	49,247.0	48,005.0	49,330.0	51,904.0	51,550.0
Other Revenue	-	-	-	-	-	-	-	-
Total Revenue	48,607.0	47,142.0	49,161.0	49,247.0	48,005.0	49,330.0	51,904.0	51,550.0
Cost Of Goods Sold	19,167.0	18,718.0	19,451.0	18,363.0	17,781.0	18,597.0	19,238.0	18,575.0
Gross Profit	29,440.0	28,424.0	29,710.0	30,884.0	30,224.0	30,733.0	32,666.0	32,975.0
Selling General & Admin Exp.	11,761.0	11,430.0	11,851.0	11,401.0	11,167.0	11,345.0	11,777.0	11,711.0
R & D Exp.	5,942.0	6,294.0	6,207.0	6,296.0	6,059.0	6,332.0	6,577.0	6,648.0
Depreciation & Amort.	-	-	-	-	-	-	-	-
Amort. of Goodwill and Intangibles	395.0	275.0	359.0	303.0	259.0	221.0	150.0	151.0
Other Operating Expense/(Income)	-	-	-	-	-	-	-	-
Other Operating Exp., Total	18,098.0	17,999.0	18,417.0	18,000.0	17,485.0	17,898.0	18,504.0	18,510.0
Operating Income	11,342.0	10,425.0	11,293.0	12,884.0	12,739.0	12,835.0	14,162.0	14,465.0
Interest Expense	(583.0)	(564.0)	(566.0)	(676.0)	(861.0)	(943.0)	(859.0)	(751.0)
Interest and Invest. Income	654.0	691.0	769.0	1,005.0	1,338.0	1,508.0	1,308.0	1,151.0
Net Interest Exp.	71.0	127.0	203.0	329.0	477.0	565.0	449.0	400.0
Income/(Loss) from Affiliates	(183.0)	-	-	-	-	-	-	-
Currency Exchange Gains (Loss)	(74.0)	23.0	(173.0)	(19.0)	13.0	(24.0)	(62.0)	(42.0)
Other Non-Operating Inc. (Exp.)	43.0	(20.0)	162.0	(14.0)	(43.0)	(109.0)	(25.0)	(36.0)
EBT Excl. Unusual Items	11,199.0	10,555.0	11,485.0	13,180.0	13,186.0	13,267.0	14,524.0	14,787.0
Restructuring Charges	(105.0)	(418.0)	(489.0)	(266.0)	(756.0)	(358.0)	(322.0)	(284.0)
Merger & Related Restruct. Charges	(40.0)	(7.0)	(10.0)	(32.0)	(10.0)	(41.0)	(21.0)	(19.0)
Impairment of Goodwill	-	-	-	-	-	-	-	-
Gain (Loss) On Sale Of Invest.	174.0	240.0	239.0	(36.0)	(133.0)	298.0	(10.0)	55.0
Asset Writedown	(1.0)	-	-	-	-	-	-	-
Legal Settlements	-	-	(188.0)	-	-	(127.0)	400.0	0
Other Unusual Items	-	(655.0)	164.0	74.0	-	-	-	-
EBT Incl. Unusual Items	11,227.0	9,715.0	11,201.0	12,920.0	12,287.0	13,039.0	14,571.0	14,539.0
Income Tax Expense	1,244.0	1,862.0	2,220.0	2,181.0	2,678.0	12,929.0	2,950.0	3,485.0
Earnings from Cont. Ops.	9,983.0	7,853.0	8,981.0	10,739.0	9,609.0	110.0	11,621.0	11,054.0
Earnings of Discontinued Ops.	-	-	-	-	-	-	-	-
Extraord. Item & Account. Change	-	-	-	-	-	-	-	-
Net Income to Company	9,983.0	7,853.0	8,981.0	10,739.0	9,609.0	110.0	11,621.0	11,054.0
Minority Int. in Earnings	-	-	-	-	-	-	-	-
Net Income	9,983.0	7,853.0	8,981.0	10,739.0	9,609.0	110.0	11,621.0	11,054.0

□ □ □ □ □

Cisco v. ADSI et al
Schedule 12.4 - Cisco P&L Data
Expert Report of Greg J. Regan, CPA/CFF, CFE

S&P
Capital IQ

Cisco Systems, Inc. (NasdaqGS:CSCO) > Financials > Income Statement

In Millions of the reported currency, except per share items.

Template: Standard
Period Type: Annual
Currency: Reported Currency
Units: S&P Capital IQ (Default)
Source: Capital IQ & Propriet
Restatement: Latest Filings
Order: Latest on Right
Conversion: Historical
Decimals: Capital IQ (Default)

	2013	2014	2015	2016	2017	2018	2019
Income Statement							
For the Fiscal Period Ending	Reclassified 12 months Jul-27-2013	Reclassified 12 months Jul-26-2014	Reclassified 12 months Jul-25-2015	Reclassified 12 months Jul-30-2016	Reclassified 12 months Jul-29-2017	Reclassified 12 months Jul-28-2018	12 months Jul-27-2019
Currency	USD	USD	USD	USD	USD	USD	USD
Revenue	48,607.0	47,142.0	49,161.0	49,247.0	48,005.0	49,330.0	51,904.0
= Net Sale service	10,578.0	10,970.0	11,411.0	11,993.0	12,300.0	12,621.0	12,899.0
+ Net Sales Product	38,029.0	36,172.0	37,750.0	37,254.0	35,705.0	36,709.0	39,005.0
Other Revenue	-	-	-	-	-	-	-
Total Revenue	48,607.0	47,142.0	49,161.0	49,247.0	48,005.0	49,330.0	51,904.0
Cost Of Goods Sold	19,167.0	18,718.0	19,451.0	18,363.0	17,781.0	18,597.0	19,238.0
- Allowance for Inventory	114.0	67.0	-	-	-	-	-
+ Products	15,541.0	15,641.0	15,377.0	14,161.0	13,699.0	14,427.0	14,863.0
- SBC (Cost of Revenues)	114.0	67.0	157.0	142.0	85.0	94.0	90.0
- Restructuring Charges	-	-	(5.0)	-	-	-	-
- Legal Settlement	-	(655.0)	164.0	-	-	(127.0)	-
- SBC (Cost of Revenues)	40.0	-	(188.0)	2.0	-	-	-
- Non-Operating (Income) Expenses	-	45.0	50.0	74.0	-	-	-
- SBC (Cost of Revenues)	0	0	0	70.0	134.0	133.0	130.0
- SBC (Cost of Revenues)	138.0	150.0	-	-	-	-	-
+ Services	3,626.0	3,732.0	4,103.0	4,126.0	4,082.0	4,297.0	4,375.0
+ SBC (Cost of Revenues)	138.0	150.0	157.0	70.0	85.0	94.0	90.0
+ SBC (Cost of Revenues)	40.0	-	-	-	-	-	-
+ SBC (Cost of Revenues)	-	45.0	50.0	-	-	-	-
+ SBC (Cost of Revenues)	-	-	-	142.0	134.0	133.0	130.0
Gross Profit	29,440.0	28,424.0	29,710.0	30,884.0	30,224.0	30,733.0	32,666.0
HM_Prod_COGS_Total_Test	15,719.0	15,181.0	15,555.0	14,449.0	13,918.0	14,527.0	15,083.0
HM_Serv_COGS_Total_Test	3,448.0	3,537.0	3,896.0	3,914.0	3,863.0	4,070.0	4,155.0
HM_COGS_Total_Test	19,167.0	18,718.0	19,451.0	18,363.0	17,781.0	18,597.0	19,238.0
Difference	0	0	0	0	0	0	0
HM_Prod_GP_Total_Test	22,310.0	20,991.0	22,195.0	22,805.0	21,787.0	22,182.0	23,922.0
HM_Serv_GP_Total_Test	7,130.0	7,433.0	7,515.0	8,079.0	8,437.0	8,551.0	8,744.0
HM_GP_Total_Test (Calc)	29,440.0	28,424.0	29,710.0	30,884.0	30,224.0	30,733.0	32,666.0
HM_GP_Total_Test (Direct)	29,440.0	28,424.0	29,710.0	30,884.0	30,224.0	30,733.0	32,666.0
From 10-K							
Product Gross Profit	22,488.0	20,531.0	22,373.0	23,093.0	22,006.0	22,282.0	24,142.0
Service Gross Profit	6,952.0	7,238.0	7,308.0	7,867.0	8,218.0	8,324.0	8,524.0
Total Gross Profit	29,440.0	27,769.0	29,681.0	30,960.0	30,224.0	30,606.0	32,666.0
Source	2015 AR at 51	2015 AR at 51	2015 AR at 51	2018 AR at 44	2018 AR at 44	2018 AR at 44	2018 AR at 41
Difference	0.0%	2.3%	0.1%	-0.2%	0.0%	0.4%	0.0%
Product Gross Profit %	58.7%	58.0%	58.8%	61.2%	61.0%	60.4%	61.3%

EXHIBIT F

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA - OAKLAND DIVISION

CISCO SYSTEMS, INC., a)
California corporation,)
et al.,)

Plaintiffs,)

VS.)

ZAHID "DONNY" HASSAN SHEIKH,)
an individual, et al.,)

Defendants.)

ADVANCED DIGITAL SOLUTIONS,)
INTERNATIONAL, INC., a)
California corporation,)

Third-Party Plaintiff,)

vs.)

RAHI SYSTEMS, INC., a)
California Corporation,)
et al.,)

Third-Party Defendants.)

CASE NO.
4:18-CV-07602 YGR

CONFIDENTIAL - PURSUANT TO PROTECTIVE ORDER
REMOTE VIDEOCONFERENCE
DEPOSITION OF SAMEER KUMAR GUPTA
Costa Mesa, California
Monday, May 11, 2020

Job No. 179817
Reported by: NIKKI ROY
CSR No. 3052

1 A. Yes, for the transceivers I'm familiar with
2 several of the names.

3 Q. And what are the names?

4 A. Some of the biggies would be Finisar, Avago,
5 and Broadcom. F-i-n-i-s-a-r. A-v-a-g-o. They're
6 also called Broadcom at times due to some investment
7 branding-related stuff. Another common one is called
8 Methode, M-e-t-h-o-d-e. And there are a great many
9 others. Those are the biggies for the transceiver
10 supply base.

11 There's a little dynamic that's large, 20
12 plus suppliers, 25 plus over the years. Some come
13 and go, some stay, but the ones that I've mentioned
14 are definitely long-term suppliers for Cisco in that
15 space.

16 Q. In the last five years, how many different
17 suppliers have there been for Cisco transceivers,
18 ballpark?

19 A. I'd say they've probably added on the order
20 of 15.

21 Q. And geographically, are these suppliers in
22 Asia? Are they in multiple different regions?

23 A. Largely Asia. However, there's been some
24 even in the United States.

25 Q. How about for switches? Do you -- you

1 Methode would have something like that, all the
2 places where we've pushed that, and we've tried to
3 scale that program would have a similar database.
4 Q. And these databases have information along
5 the lines of "Finisar, we manufactured a Cisco
6 transceiver and issued the serial number for it, and
7 we have a database, and you can find that serial
8 number and that transceiver in our database." Did I
9 get that right?

10 A. Yes. It's like that. Typically we would go
11 to them and we would say "Hey, Finisar, what" -- I
12 have this product serial number. Can you tell me the
13 label serial number associated with it?" That might
14 be a way to ask the question. Or we might say "I
15 have this pairing of data, 1D and 2D data. Does this
16 match your record? Yes or no."

17 Q. Sure. So for Finisar, have you ever
18 accessed Finisar's database for this kind of
19 information?

20 MR. NELSON: Objection.

21 THE WITNESS: I have not accessed it -- yes,
22 I have not accessed it directly. This is part of
23 what the team would do. They would contact Finisar,
24 you know, and ask them, you know, they would ask them
25 the question I posed earlier about this pairing of

1 data "Is this legit?" Or "Hey, what's the 2D barcode
2 associated with the label, the label serial number
3 associated with this product serial number?"

4 BY MR. ATKINSON:

5 Q. And so when you talk about the team, these
6 are your investigators, people like David Dao,
7 others; am I right?

8 A. Yes. So when I talk about "the team," I was
9 specifically referring to the brand protection
10 engineers. They would then reach out to an
11 individual such as David Dao who works at Finisar for
12 that information.

13 Q. I see. I see. And the brand protection
14 engineers are within Cisco, right, that you're
15 talking about?

16 A. That's correct, yes. They are Cisco
17 employees.

18 Q. Do these Cisco employees have direct access
19 to the Finisar database to your knowledge?

20 A. I don't believe so. I believe we contact
21 the OEM and they process the request for it.

22 In the past we've tried to build that
23 database, but it's very expensive, and given the
24 supplier proliferation it's a neverending task, but
25 for now -- the ultimate goal would be to bring it

1 Do you see that sentence?

2 A. Yes, I do.

3 Q. How does Cisco define a used product?

4 MR. NELSON: Objection; calls for
5 speculation, lacks foundation, vague.

6 THE WITNESS: I don't know if there's a
7 uniform standard that I would say is advertised on
8 what we consider "used." However, what I will say is
9 counterfeiters typically market their products as
10 new. The reason for that is that a new product will
11 fetch more money on the open market than anything
12 used.

13 BY MR. ATKINSON:

14 Q. Is it your understanding that the ADSI
15 defendants in this case held out the products at
16 issue as new?

17 A. I'm not really sure I can answer that as
18 typically I don't know which products are associated
19 with which case. You know, here I've been given
20 stuff to review. I would assume that most that the
21 intent was to sell those as new. I mean, that's
22 typically what -- that's typically the material we
23 look at.

24 Q. Okay. But sitting here at this deposition,
25 you can't point to anything specific for the

1 proposition that the products that were being -- that
2 are at issue here were held out as new? That's
3 beyond what you have knowledge of, correct?

4 A. Yes, that's a fair statement. That's
5 correct.

6 Q. So there is a page which I can mark, but
7 because of the technical issues I'm just wondering if
8 there's a quicker way to do this. I found a web page
9 entitled "Cisco Hardware Inspection and Software
10 Re-Licensing Program," and it's on the Cisco website,
11 and there's a frequently -- I think it's a Frequently
12 Asked Questions section. And I'll just read the
13 portion to you. You can tell me if it sounds
14 generally correct in your understanding, and if
15 necessary I can send it to you, and we can get a
16 little more into the details.

17 But the question on the website is: "How
18 does Cisco define 'used' and 'secondary market
19 equipment' that qualifies for this program?

20 "Answer: Cisco defines used equipment as
21 previously owned equipment that is now owned by a
22 party other than the original customer."

23 And then it goes on to talk about secondary
24 market equipment.

25 Does that understanding of "used," does that

1 STATE OF CALIFORNIA)
2) ss.
3 COUNTY OF LOS ANGELES)
4

5 I, NIKKI ROY, Certified Shorthand Reporter,
6 certificate number 3052, for the State of
7 California, hereby certify:

8 The foregoing proceedings were taken remotely
9 by me at the time and place therein set forth, at
10 which time the deponent was placed under oath by me;

11 The testimony of the deponent and all
12 objections at the time of the examination were
13 recorded stenographically by me and were thereafter
14 transcribed;

15 The foregoing transcript is a true and correct
16 transcript of my shorthand notes so taken;

17 I further certify that I am neither counsel for
18 nor related to any party to said action nor in any
19 way interested in the outcome thereof.

20 In witness whereof I have hereunto subscribed
21 my name this 21st day of May, 2020.

22 

23 NIKKI ROY
24
25

EXHIBIT G

**IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

CISCO SYSTEMS, INC. and CISCO
TECHNOLOGY INC.,

Plaintiffs,

v.

ZAHID HASSAN SHEIKH, IT DEVICES
ONLINE, INC., ADVANCED DIGITAL
SOLUTIONS INTERNATIONAL,
PUREFUTURETECH LLC, K & F
ASSOCIATES, LLC, SHAHID SHEIKH,
KAMRAN SHEIKH, FARHAAD SHEIKH,
IMRAN HUSAIN, and JESSICA LITTLE
aka JESSICA MCINTOSH and dba
MCINTOSH NETWORKS,

Defendants.

ADVANCED DIGITAL SOLUTIONS
INTERNATIONAL, INC.,

Third-Party Plaintiff,

v.

RAHI SYSTEMS, INC.,

Third-Party Defendants.

Case No. 4:18-cv-07602 YGR

EXPERT REBUTTAL REPORT OF RUSSELL W. MANGUM III, PH.D.

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I. Introduction

A. Assignment

1. On April 17, 2020, I submitted an expert report regarding the proper economic methodology for analyzing and calculating damages claimed by Plaintiffs' as a result of Defendants' alleged actions ("Mangum Initial Report"). Throughout this report I utilize the same definitions and understanding as I did in the Mangum Initial Report.¹
2. I understand Plaintiffs allege Defendants have sold, offered to sell, distributed, and advertised Infringing Products and earned revenues from alleged Infringing Products ("Infringing Sales"). On April 17, 2020, Plaintiffs filed two expert reports in relation to this allegation. Daniel S. Levy filed a report ("Levy Report") related to reviewing Cisco's Model; Greg J. Regan filed a report ("Regan Report") related to damages issues.² I have been asked to evaluate, analyze, and respond to the Levy Report and Regan Report.
3. I conduct my analysis through an evaluation of evidence relevant to the facts of the case available at the time of submitting this report. If additional information becomes available, I will update my analysis and opinions appropriately. I assume that Defendants will be found liable with regards to Plaintiffs' allegations, though I understand that Defendants disputes liability. I conduct my analysis and I prepare this report given this assumption.

¹ Expert Report of Russell W. Mangum III, Ph.D., April 17, 2020 ("Mangum Initial Report").

² Expert Report of Daniel S. Levy, Ph.D., April 17, 2020 ("Levy Report"); Expert Report of Greg J. Regan ("Regan Report").

II. Summary of Levy Report

4. Cisco created a counterfeit detection risk-scoring metric (“Cisco’s Model”) to determine the likelihood that a product is counterfeit and Dr. Levy was retained to review the performance and validity of Cisco’s Model.³ Dr. Levy concludes that Cisco’s Model has a high probability of identifying verified counterfeit units as High Risk of being counterfeit (“True Positives”) and a low probability of identifying authentic units as High Risk of being counterfeit (“False Positives”) for switches and transceivers. Dr. Levy supports his conclusion by running logit regressions on transceivers and switches in one dataset, and applying those results to transceivers and switches in the same dataset and a separate dataset against Cisco’s Model.
5. Cisco’s Model was created based on data Cisco received from a broker of their products, which Cisco evaluated to determine whether they were authentic or counterfeit (“Broker dataset”). Based on the information in the Broker dataset and Cisco’s own understanding of their products and characteristics that indicate a counterfeit product, Cisco concluded that eight criteria can identify such products.⁴ I understand the Broker dataset and Cisco’s Model is contained within file “Combined Risk Score Results for Expert (4.15.20).xlsx”.
6. I also understand there is a second dataset that is included in file “Combined Risk Score Results for Expert (4.15.20).xlsx” that was not used in creating Cisco’s Model (“Out-of-Sample”).⁵ The Out-of-Sample data is indicated in the file as “Observed”, “Warehouse”, and “ADSI”.⁶

³ Levy Report, p. 2.

⁴ Levy Report, p. 5.

⁵ *Ibid.*

⁶ *Ibid.*

7. Dr. Levy asserts that Cisco's Model performs well and he comes to these conclusions by taking the following steps:
- Testing for calculation errors in Cisco's Model by adding up columns/rows in the "Combined Risk Score Results for Expert (4.15.20).xlsx" file and verifying that they match to the values shown in the file;⁷
 - Verifying the criteria in Cisco's Model are appropriately assigned points comparing the score value in the "Combined Risk Score Results for Expert (4.15.20).xlsx" file to underlying records;⁸
 - Testing Cisco's Model against his own model of logit regressions to determine which criteria from Cisco's Model are predictive of counterfeit products and the strength each characteristic provides to the prediction;⁹
 - Applying the probabilities from his own model (logit regressions) to the Broker dataset and Out-of-Sample dataset to test the probability that Cisco's Model identifies True Positives and False Positives.¹⁰
8. Based on his review of the computation in Cisco's Model and the creation of his own model to test the accuracy of Cisco's Model, Dr. Levy concludes that Cisco's Model has a high probability of identifying True Positives and a low probability of identifying False Positives.

⁷ Levy Report, p. 7.

⁸ Levy Report, footnote 17.

⁹ Levy Report, p. 10.

¹⁰ Levy Report, pp. 12, 14, 16-19.

III. Preliminary Rebuttal to Levy Report¹¹

9. The Levy Report and appended materials do not provide the entire bases for his opinions. Dr. Levy does not fully explain the bases behind his analyses, nor has he provided backup files (files communicating the computations, formulas, and program code) or many documents that he relied upon. Given the gaps in the bases for Dr. Levy's opinions, it is not possible to replicate, validate, or even interpret his results, much less sufficiently understand his methods or opinions. However, certain portions of the Levy Report and appended materials highlight approaches and methods that appear, based on the limited available evidence, to be inappropriate, incomplete, or erroneous. I address these issues below.
10. Dr. Levy attempts to validate Cisco's Model through checking the accuracy of the calculation in Cisco's Model and running logit regressions to compare the results against the data that was used in creating Cisco's Model. Regardless of the method Dr. Levy chooses to authenticate Cisco's Model, the flaw in his attempts is the fact that his conclusions are predicated on the accuracy of the data that is provided to him by Cisco. It is my understanding with regards to the Broker dataset, that Cisco was able to review data and photographs of products to categorize a product as counterfeit or authentic. The question that arises is how Cisco is able to determine with certainty through data and photographs that the product is counterfeit or not? What are the photographic evidence even of? Do they only show the Cisco mark on the outside or do the photos also include what the interior looks like to have a stronger bases in forming their opinion? Regarding the data records, what information was included in there and how

¹¹ Dr. Levy does not provide backup documents used to create his analysis or the files that he relies upon in his report. My opinions are based on information available at the time of submitting this report. If additional information becomes available, I will update my analysis and opinions appropriately.

does Cisco know that what they received is accurate? How can Cisco be certain that a product is counterfeit or authentic without physically running tests on the products? This is a critical issue as the foundation of Dr. Levy's analysis relies on the accuracy of this information.

11. In addition, Dr. Levy states that Cisco's Model was developed for and is only to be performed on new products.¹² With regards to Defendants' alleged Infringing Products, Cisco or Dr. Levy may not know whether Defendants' Infringing Products are new products. Dr. Levy has not indicated an awareness of this issue, nor has he claimed to investigate or respond accordingly. Newer versus older products have different price characteristics, unrelated to any counterfeit or infringing status. This is an issue that should have been explained, investigated, and accounted for prior to making any statements about validity or appropriateness.

A. Levy's Failure to Provide Opinions Regarding the Underlying Criteria and Weights in Cisco's Model

12. Dr. Levy claims to have validated the performance of Cisco's Model by "reviewing the logic and the accuracy of the criteria and weights that Cisco developed to determine whether an individual device had a high, medium, or low risk of being counterfeit."¹³ However, Dr. Levy provides no indication that he examined the logic behind Cisco's Model as he suggests.
13. Dr. Levy does not detail any steps he took to understand why or how the eight underlying criteria in Cisco's Model were chosen. With a single exception (discussed below), Dr. Levy similarly fails to even define the eight underlying

¹² Levy Report, footnote, 11, p. 7.

¹³ Levy Report, p. 2.

criteria beyond simply listing them.¹⁴ In his summary of opinions, Dr. Levy claims to have validated the “weights” assigned to Cisco’s Model, but he provides no further discussion or evidence that he investigated this topic.¹⁵

14. As illustrated by his discussion of the one criteria he does explain [REDACTED], the weights Cisco applies have an enormous influence on the overall risk-scoring assessment.¹⁶ Specifically, Dr. Levy notes that products scoring between 6 and 15 points (aggregating across the eight criteria) are “Medium Risk” of being counterfeit, and products scoring above 15 points will be deemed “High Risk.” Thus, meeting the single [REDACTED] alone (just one out of the eight criteria) categorizes a product as “Medium Risk” of counterfeit, and [REDACTED] of the points necessary to be deemed “High Risk” of counterfeit (i.e., 13 out of 16 points).¹⁷ Dr. Levy fails to evaluate or discuss the legitimacy of Cisco’s assignment of such a substantial weight to this factor. Dr. Levy does not question the logic behind Cisco’s assignment of 13 points to the [REDACTED], or any other criteria in Cisco’s Model.
15. Dr. Levy also states that he verified the accuracy of Cisco’s Model. This appears incorrect, or at least misleading. Dr. Levy’s only review of accuracy of Cisco’s Model is checking that the “overall risk-score was the sum of the underlying eight measures and the risk category assigned accordingly was correct.”¹⁸ That is, it appears he verified the math. This is far short of a verification of the accuracy of Cisco’s Model.

¹⁴ Levy Report, footnote 15.

¹⁵ Levy Report, p. 2.

¹⁶ Levy Report, pp. 5-6.

¹⁷ Cisco determines a product’s likelihood of being a counterfeit as “High Risk” if a product has a score of over fifteen points, “Medium Risk” if a product has a score of six to fifteen points, and “Low Risk” if a product has a score of five or below. (See Levy Report, p. 6).

¹⁸ Levy Report, pp. 6-7.

B. Levy's Inability to Verify the Underlying Criteria in Cisco's Model

16. Dr. Levy mentions the eight underlying criteria for Cisco's Model and then seems to refer to related "test" numbers. In other words, it seems that the eight criteria are the same as the eight tests, but Dr. Levy is not specific about this. He notes that the tests are described in "Risk Scoring for Secondary Market product.docx" but he has not provided that evidence to support this conclusion. Given the lack of bases for his opinions, I am unable to evaluate, verify, or rebut his conclusions.¹⁹ In my review of "CISCO2190 - CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER.xlsx", which I understand to be Cisco analysis performed on data related to IT Devices Online, there are eight columns with numbers preceding the criteria and I presume these line up with the evidence Dr. Levy has reviewed.²⁰
17. Out of the eight underlying criteria in Cisco's Model, Dr. Levy only claims to have evaluated five criteria. And, of those five, two were verified using "fuzzy matching technique."²¹ Dr. Levy has not provided the results to the fuzzy matching technique performed on Test 7 and Test 8, thus I am unable to evaluate the accuracy of the fuzzy matching technique performed. Dr. Levy was unable to evaluate, in any way (clear or fuzzy), Test 2, Test 3, and Test 6, which, assuming Test/criteria 2, 3, and 6, align with the information in "CISCO2190 - CONFIDENTIAL PURSUANT TO PROTECTIVE

¹⁹ Levy Report, footnote 17.

²⁰ Based on my review of "CISCO2190 - CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER.xlsx", tab: "ITD Risk Score (In Scope)", I understand Cisco's Model consists of eight criteria:

[REDACTED]

(See Levy Report, footnotes 15, 17).

²¹ Levy Report, footnote 17; pp. 6-7; <https://www.techopedia.com/definition/24183/fuzzy-matching>.

ORDER.xlsx”, they are assigned six, three, and six points, respectively.²²

Importantly, the points associated with the three criteria Dr. Levy was unable to verify sum, by themselves, to 15 points, far more than that needed for Cisco to deem a product Medium Risk and only one point shy of High Risk.²³ It appears Dr. Levy has done little of anything to critically evaluate or challenge the method Cisco has developed to assign level of counterfeit risk. It is misleading to consider Dr. Levy’s apparent analysis of Cisco’s decisions and methods a verification or validation.

C. Levy’s Lack of Explanation Regarding Logit Regressions and Results

18. Based on the limited information I have about Dr. Levy’s analysis, it appears Dr. Levy performed only a limited set of regressions, controlling for a limited sets of variables. Table 1 below shows the criteria (variables) in Cisco’s Model,

Table 1

Variables	Cisco's Model Criteria	Levy Logit Regression Broker Dataset			Levy Logit Regression Out-of-Sample Dataset		
		Switches	Transceivers	Modules	Switches	Transceivers	Modules
9 Unknown Add'l Levy Var.		✓	✓				
		✓	✓				

Source: Levy Report Footnote 15 Table IV Table VII

✓ = Included
 Not Included
 Not Performed

²² “CISCO2190 - CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER.xlsx”, tab: “ITD Risk Score (In Scope)”, columns AA – AI.

²³ Cisco determines a product’s likelihood of being a counterfeit as “High Risk” if a product has a score of over fifteen points, “Medium Risk” if a product has a score of six to fifteen points, and “Low Risk” if a product has a score of five or below. See Levy Report, p. 6.

and the set of regressions it seems Dr. Levy could have run based on (a) the different data sets (Broker and Out-of-Sample)²⁴ and (b) the three different products categories (switches, transceivers, and modules). As shown, Dr. Levy changed the model specifications for the two types of regressions he ran (switches and transceivers in Broker dataset) so that Cisco's Model's variables were not all used, and he added an unknown, unexplained variable to his regressions. No regressions were reported for modules, or using the Out-of-Sample dataset.

19. The Levy Report and appended materials do not provide the complete set of bases for his opinions regarding his logit regression analyses. Dr. Levy's conclusions and opinions rely in data and methods, but he has not provided information on the data and methods he purportedly employed. Given the gaps in his opinions, it is not possible to fully understand his bases surrounding the logit regressions, much less evaluate, critique, or rebut his opinions. However, the information that has been included in his report allows at least a preliminary commentary on his work, and identification of apparent errors and misplace and/or mistaken methods.
20. Dr. Levy presents two separate logit regressions to purportedly determine which of the eight underlying criteria in Cisco's Model is predictive of counterfeit products and to determine the strength of each criteria.²⁵ The first logit regression is performed on switches in the Broker dataset while the second is purportedly performed on transceivers in the Broker dataset (switches and

²⁴ The Broker dataset was created based on data Cisco received from a broker of their products, which was used by Cisco to create Cisco's Model. This data is contained within file "Combined Risk Score Results for Expert (4.15.20).xlsx". The Out-of-Sample dataset is additional data in the same file and indicated by terms "Observed", "Warehouse", and "ADSI" that was *not* used in developing Cisco's Model. (See Levy Report, p. 5).

²⁵ Levy Report, p. 10.

transceivers are the main products at issue in this matter).²⁶ I am unable to verify Dr. Levy's logic, methodology, inputs, or results, as he has does not provide the data, calculations, or formulas related to the regression results (e.g., by including these materials in his expert report). Once he presents the logit regression results, Dr. Levy does not show how he applied these results to the corresponding tables.²⁷

21. Once Dr. Levy presents the tables that utilize the logit regression results to estimate predicted values for switches and transceivers in the Broker dataset, he arbitrarily chooses a cutoff point within the tables to split the products evaluated between counterfeit and authentic.²⁸ Dr. Levy does not provide a bases for why he chose to cutoff Table V at 0.664 and Table VIII at 0.610.²⁹ Any adjustments to the cutoff points would affect the results of Tables VI, IX, XI, and XIII. Dr. Levy claims that the statistical model based on the criteria in Cisco's Model "separates counterfeit transceivers from genuine transceivers with high probability"³⁰ (emphasis added). He makes this claim without defining an accepted threshold for "high probability". Table IX shows the split between counterfeit and authentic transceivers, showing a 15% probability that an authentic transceiver is categorized as High Risk.³¹ This is unscientific and

²⁶ Table VII is titled "Logit Regression for Switches in Transceiver Dataset." The text directly above states "I perform the same logit model for transceivers from the Broker data. The results are presented in Table VII." Table VII's title and the text above it contradict each other and I am unable to verify whether Table VII presents results from the logit regression performed on switches in a transceiver dataset or it presents results from the logit regression performed on transceivers in the Broker dataset. (See Levy Report, Tables VII, VIII, pp. 11, 15).

²⁷ E.g., Levy Report, Tables IV to V and Tables VII to VIII.

²⁸ Levy Report, Tables V, VIII.

²⁹ Levy Report, pp. 13, 16.

³⁰ Dr. Levy claims "this statistical model based on the underlying components of the Cisco risk-scoring metric separates counterfeit transceivers from genuine transceivers with high probability." (See Levy Report, p. 16).

³¹ For example, this is well above the generally accepted standard probability of less than or equal to 5% for rejecting null hypotheses in regression analysis (B.S. Everitt & A. Skrondal, *The Cambridge Dictionary of Statistics* (4th ed. 2010), definition for "Significance Level").

ad hoc. Essentially, Dr. Levy concludes in this instance that being wrong 15 percent of the time is OK with him, but provides no basis for this conclusion, either analytically or based on accepted methods in the economics, finance, or statistics.

22. Dr. Levy's statistical inference is inappropriate as he includes an additional variable without explanation and uses arbitrary cutoff points to support his findings.

D. Levy's Logit Regressions and Analysis Provide Illogical Results

1. Cisco's Model Performed on Transceivers in the Broker Dataset and Out-Of-Sample Dataset

23. In the context of Cisco's Model, the *ideal* scenario is one in which the Broker dataset, the underlying dataset which Cisco's Model is built upon, has a large enough sample of data to create a "perfect" risk-scoring metric. This "perfect" risk-scoring metric would always categorize a *counterfeit* product as High Risk and never categorize an *authentic* product as High Risk of counterfeit.³² To further test the scoring metric's accuracy, running the metric on another dataset, one which has no relationship to the data used in building the perfect risk-scoring metric, would provide the same results. It would always categorize a *counterfeit* product as High Risk and never categorize an *authentic* product as High Risk.³³
24. One of the main products at issue in this matter are transceivers and the probability to accurately categorize a transceiver as being counterfeit or

³² More generally, this "perfect" metric would give accurate outcomes when applied to Medium and Low Risk products as well. E.g., it would never categorize a *counterfeit* product as Low Risk and always categorize an *authentic* product as Low Risk.

³³ The same would apply for Medium and Low Risk products, as well.

authentic has significant repercussions.³⁴ Thus, extra attention should be given to how Cisco's Model behaves with respect to transceivers. As discussed below, Cisco's Model performs abysmally with respect to transceivers in the Broker dataset and Out-of-Sample dataset, both of which Dr. Levy focuses on.

25. I understand Table I of Dr. Levy's report is a summary of all products determined as High Risk in the Broker dataset that has been photographically determined to be counterfeit or authentic. The results of this table, along with Tables II, III, VI, XI-XIII, report the probability of Cisco's Model in identifying the two important distinctions that Dr. Levy attempts to validate, counterfeit products that are accurately identified as High Risk of being counterfeit (True Positives) and authentic products that are incorrectly identified as High Risk of being counterfeit (False Positives).³⁵ It has been noted that it is important to Cisco that they minimize the number of False Positives.³⁶ The results of these tables provide an insight into the reliability of Cisco's Model.
26. The glaring issue with this analysis is that these tables reveal Cisco's Model does a very poor job at correctly identifying a product as counterfeit or authentic. Dr. Levy's Appendix Table IV and Appendix Table VI reveal just how poorly Cisco's Model predicts the "truth" when it matters most – for transceivers, which are the driving force behind damages in this case.³⁷ Dr. Levy's Appendix Table IV shows that Cisco's Model incorrectly identifies

³⁴ Based on Plaintiffs' claims, transceivers and switches are the products at issue. (See Levy Report, pp. 8-9; Regan Report, footnote 125).

³⁵ Levy Report, p. 6.

³⁶ *Ibid.*

³⁷ As discussed above, the "truth" about whether a product is genuine or counterfeit, although a critical issue, is not actually described by Dr. Levy, but rather asserted as he conducts his analyses. Although I am commenting on the portion of his work contained in his report, I am by no means adopting his claims regarding what the known truth is about whether any products at issue in this matter are counterfeit or authentic.

authentic transceivers in the Broker dataset as High Risk of counterfeit 39% of the time (False Positives). His Appendix Table VI shows that Cisco's Model only identifies authentic transceivers as Low Risk of counterfeit 50% of the time ("False Negative"). Flipping a coin would give 50% / 50% results. Thus, for transceivers, which make up at least 72 percent of lost profits damages and 44 percent of disgorgement damages in this matter,³⁸ Cisco's Model is no better than flipping a coin regarding False Negatives, and hardly better for False Positives (39% / 61%) in accurately transceivers as counterfeit or authentic.

27. This is a critical flaw in Dr. Levy's approach and opinions and cannot be glossed over by simply finding another model (his logistic regression) that purportedly arrives at similar results as Cisco's Model.

2. Logit Regression Coefficients and Omitted Variables

28. Dr. Levy provides no explanation for the motivation behind the structure of his regressions. He does not explain the support (aside from Plaintiffs' decisions) for variables he chose, why some are potentially omitted, the expected sign or magnitude of each variable's hypothetical influence, and ultimately testing those results against his theoretical expectations. Further, a cursory review of his regression results show that the coefficients of his variables are inconsistent with that presumed by Cisco's Model, and suggests his models may suffer from sample size and omitted variable bias. Since Dr. Levy has not provided the complete bases for his opinions (including computations, formulas, program

³⁸ At least 72 percent of the lost profits damages ($\$4.776 / \$6.659 = 72\%$) and 44 percent of the disgorgement damages ($\$0.798 / \$1.8 = 44\%$) in this matter are related to the "Defendants' Transceivers" category. It seems transceivers are also found in some of the other categories (e.g. Link US) but lack of substantiation in the Levy Report and Regan Report precludes full accounting for the portion of damages related to transceivers. (See Regan Report, ¶3, Schedules 2b, 2d.

code, and data used underlying his results and conclusions), I am unable to fully understand, evaluate, critique, or rebut his analysis and conclusions.

29. In his logit regressions, Dr. Levy indicates that he used the eight underlying criteria in Cisco's Model as variables.³⁹ The results of his regression provide estimated "coefficients", which, as Dr. Levy explains "reflects how each of the eight criteria impact the likelihood that a device was counterfeit."⁴⁰ A natural and informative evaluation of Cisco's Model via a logit regression model would be to see if the estimated coefficients of the variables have the same sign and have similar relative magnitudes to the criteria in Cisco's Model. This does not hold true in Dr. Levy's logit regressions and he that a product is counterfeit.⁴¹ The opposite holds true as well where criteria in Cisco's Model that have low point values show high coefficients.⁴² One coefficient is even negative in Dr. Levy's logit regression when the criteria has positive value in Cisco's Model.⁴³
30. From the text of his report, it would appear that Dr. Levy's logit regression is defined solely in terms of the eight criteria Cisco gave to him. This does not appear to be the case. Dr. Levy inexplicably includes a ninth variable "Adj_POS".⁴⁴ The "Adj_POS" variable shows substantial relative explanatory power. He does not explain the bases for this variable, which renders his logistic regression meaningfully different from Cisco's Model. Another issue of Dr. Levy's logit regression is that several of the criteria in Cisco's Model are

³⁹ Levy Report, Table VI and Table VII.

⁴⁰ *Ibid.*

⁴¹ *Ibid.*

⁴² *Ibid.*

⁴³ *Ibid.*

⁴⁴ Levy Report, pp. 11, 15.

not included and seemingly omitted, which further renders Levy's logit regression model meaningfully different than Cisco's Model.

31. The results of Dr. Levy's logit regression models, based on the partial provision of the bases of his opinions, indicates the weakness of the logit regression models to validate Cisco's Model and to accurately identify counterfeit or authentic products. Dr. Levy's attempts are crucial because they provide a necessary bases for Mr. Regan's damages estimates.

IV. Summary of Regan Report

32. Mr. Regan evaluates the issue of damages related to Plaintiffs' claims in this matter. He concludes that Cisco was harmed due to Defendants' sales of alleged Infringing Products. This flows from his conclusion that Cisco was selling concurrently with Defendants, and Defendants would not have been selling the accused products in a but-for world (i.e., absent the alleged acts), Cisco would have made those sales.⁴⁵ Mr. Regan only presents damages for ADSI and K&F. He does not provided any opinions or damage calculations for individual defendants or other defendants in this matter, nor does he provide any methodology to applying his analysis to these defendants. Mr. Regan has quantified damages in two forms: (1) Lost Profits and (2) Unjust Enrichment.⁴⁶

A. Lost Profits

33. Mr. Regan splits his lost profits damages into five categories: (1) Sales of Infringing Products by Defendants sourced from Link US ("Link Sales to Defendants"), (2) Sales of Infringing Products by Defendants sourced from Vodanet ("Vodanet Sales to Defendants"), (3) Sales of Infringing Products by

⁴⁵ Regan Report, ¶¶ 63-67.

⁴⁶ Regan Report, ¶¶ 68-72.

Defendants tested by Cisco (“Cisco Tested Products”), (4) Sales of “apparent non-authentic” transceivers by Defendants (“Defendants’ Transceivers”), (5) Sales of Cisco products with no vendor identified by Defendants (“No Vendor Identified”). His methodology for lost profits for all five categories follow the general steps laid out below:

- Identify Cisco product sales through Cisco and Vendor documents provided to him and Defendants’ documents
- Assume Cisco would have made Defendants’ Cisco unit sales but-for Defendants’ alleged acts
- Apply a discounted Cisco’s Global List Price (Only applies to (1) and (2))
- Apply Cisco’s Model to Cisco products to compute average probabilistic percentages that products are likely counterfeit, which results in estimated Infringing Sales (Only applies to (1) and (2))
- Deduct incremental Cisco COGS from estimated Infringing Sales
- Deduct Cisco Sales, General, & Administrative expenses
- Compute Pre-Judgement Interest

B. Disgorgement (Unjust Enrichment)

34. Mr. Regan splits his disgorgement damages into five categories: (1) Link Sales to Defendants, (2) Vodanet Sales to Defendants, (3) Cisco Tested Products, (4) Defendants’ Transceivers, (5) No Vendor Identified. His methodology for disgorgement for all five categories follow the general steps laid out below:

- Identify Defendants’ sales of Cisco products
- Deduct incremental COGS from sales of Cisco products
- Deduct Defendants’ commissions

- Apply Cisco's Model to Cisco products to compute average probabilistic percentages that products are likely counterfeit, which results in estimated infringing profits from Infringing Sales (Only applies to (1) and (2))
- Compute Pre-Judgement Interest

V. Preliminary Rebuttal to Regan Report⁴⁷

35. I am unable to fully replicate, verify, critique, or rebut Mr. Regan's analysis as he did not provide the complete bases of his opinions, including the data he used, programs applied, or the calculations and formulas he employs. However, certain portions of the Regan Report and appended materials highlight approaches and methods that appear inappropriate, incomplete, or erroneous. I address these issues below. Since Mr. Regan relies on certain of Dr. Levy's opinions, I incorporate again here my comments and critiques on Dr. Levy listed above. In addition, all of my opinions in the Mangum Initial Report apply here, including, but not limited to the proper economic methodology for analyzing and calculating damages in the form of lost profits and disgorgement (unjust enrichment) claimed by Plaintiffs in this matter.

A. Regan's Failure to Prove Cisco Would Make Defendants' Infringing Sales in But-For World

1. Pricing and Law of Demand

36. An important question to ask regarding whether Defendants' customers would purchase from Cisco in a but-for world is if there is a large price difference between Cisco's prices and Defendants' prices. Based on the evidence available to me, this appears to be the case. Cisco sells products at very high premiums

⁴⁷ Mr. Regan does not provide backup documents used to create his analysis or the files that he relies upon in his report. My opinions are based on information available at the time of submitting this report. If additional information becomes available, I will update my analysis and opinions appropriately.

compared to Defendants' sales prices. This would mean that for Defendants' customers to switch over to purchasing from Cisco, they would be paying up to 820% premium in some instances. For example, in Mr. Regan's Link Sales to Defendants, transceiver GLC-LH-SMD is sold at an 821% premium (\$1,026 / \$125) when compared to Cisco's Global List Price and at a 476% (\$595 / \$125) premium when compared to a 42% discounted price. Another transceiver GLC-SX-MMD, is sold at a 725% premium (\$518 / \$71) when compared to Cisco's Global List Price and at a 420% (\$300 / \$71) premium when compared to a 42% discounted price.⁴⁸

37. One of the fundamental principles of economics is the Law of Demand. It states that the quantity demanded of a product increases with a decrease in price and decreases with an increase in price.⁴⁹ Mr. Regan seems unaware of the Law of Demand, as he assumes all customers that bought Defendants' products at substantially lower prices would somehow purchase the identical quantities of Cisco products at much, much higher prices.⁵⁰ Mr. Regan relies on a discussion with Charles Williams on April 17, 2020, and the assertion that there is "significant evidence that Cisco is able to sell products at prevailing prices".⁵¹ But that is not the question. The fact that Cisco has sold its products at higher prices to its customers says nothing about purchasers that paid much less to other suppliers. The issue of consumer sensitivity is well known and studied in economics, and is referred to as price elasticity of demand. It reflects known relationship between price and quantity that when price rises, some customers will still pay the higher price, but others will not.

⁴⁸ Regan Report, Schedule 2b, 2d, Transceiver product "GLC-LH-SMD" and "GLC-SX-MMD".

⁴⁹ Marshall, Alfred, 1890. *Principles of Economics*, 8th edition. Macmillan and Co. Book III, Chapter III.

⁵⁰ Regan Report, ¶¶ 65, 67.

⁵¹ Regan Report, ¶ 67.

38. The concept of price elasticity of demand was created to measure the percentage change in quantity purchased given a percentage change in the price. Mr. Regan has inexplicably assumed complete non-responsiveness of the Defendants' consumers – a position that is untenable economically and logically, and certainly unsupported by Mr. Regan. Without assessing the consumer response of lower quantity when faced with higher prices, any claimed quantity of lost sales is unsupported speculation.
39. Interestingly Dr. Levy and Mr. Regan reference other evidence in this matter that highlights the unreasonable position Mr. Regan is taking regarding price differences and consumer response. In Cisco's Model, one of the primary criteria is referred to as the Commercial Reasonable Test.⁵² According to Cisco's Model, [REDACTED]
[REDACTED]
[REDACTED] more than enough to deem the product of Medium Risk of being counterfeit, and nearly [REDACTED] necessary to be of High Risk.⁵³ Importantly, this Commercial Reasonable Test criteria is only one out of eight where [REDACTED].⁵⁴ The fact that Cisco sees a price difference of [REDACTED] reveals the untenable, and unsupported, position that Regan maintains regarding consumer responsiveness.

⁵² Levy Report, pp. 5-6.

⁵³ *Ibid.*

⁵⁴ Levy Report, pp. 5-6; "CISCO2190 - CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER.xlsx".

40. Mr. Regan points out an example in which IT Devices Online, one of the Defendants in this matter, allegedly interfered with Cisco's efforts to sell the same products.⁵⁵ The email chain between Cisco employees appears to be a situation where a colleague needs assistance in preventing a prospective customer from purchasing from IT Devices Online, an unauthorized reseller.⁵⁶ Despite efforts to warn the customer that they are about to purchase from an unauthorized seller and exclude themselves from being eligible for Cisco's warranty and having a valid software license, the customer decides to purchase from IT Devices Online regardless.⁵⁷ The same Cisco employee who requested assistance seems to be experiencing the same problem with "two bigger one's", where customers are purchasing from grey markets instead of directly from Cisco.⁵⁸ Defendants' customers are aware they are purchasing products from an unauthorized seller and are also aware of the benefits that come with purchasing an authentic Cisco product, yet they choose to purchase from Defendants at a significantly discounted price.

2. Cases Regarding Pricing and Demand and Proving Lost Sales

41. Identifying quantitatively the price responsiveness of Defendants' customers (i.e., through determinations of price elasticity of demand) is a required step to assess consumer responsiveness in the face of a price increase. This is particularly true for the very large price increase that would apply between the Defendants' prices and Cisco's prices. Mr. Regan has not attempted to evaluate,

⁵⁵ Regan Report, ¶ 64, CISCO00000763.

⁵⁶ CISCO00000769-772.

⁵⁷ CISCO00000767-769.

⁵⁸ CISCO00000768.

or even shown an awareness of, consumer response and price elasticity in computing lost profits damages to Cisco.⁵⁹ The court has acknowledged the importance to evaluate and account for price differences and consumer response, when contemplating lost profits damages. In *Crystal Semiconductor Corp. v. TriTech*, the court acknowledged that one cannot argue for higher prices that are disconnected from the effect of that higher price on demand for the product.⁶⁰ In *BIC Leisure Products v. Windsurfing Int'l*, the court acknowledged the speculative nature of lost profits claims in the face of substantially different prices.⁶¹

42. Further, in *Brighton Collectibles, Inc. v. RK Texas Leather Mfg.*, the court addressed the issue of the lack in providing proof that a defendant's sale equals a lost sale.⁶² Plaintiffs' cannot assume that a sale was lost without providing sufficient evidence, even when the customer is a shared customer, especially when faced with price differences. In the matter of *Koon Chun Hing Kee Soy & Sauce Factory, Ltd. v. Star Mark Mgmt., Inc.*, since evidence of declining sales were not provided, it was necessary to provide another bases to prove lost sales such as testimony from customers who stopped purchasing authentic products to purchase counterfeit products or proving that defendant's customers ever purchased from plaintiffs before.⁶³ The court recognized that if a customer was

⁵⁹ This critical role of price elasticity has been noted by the Court in the case *Crystal Semiconductor Corp. v. TriTech*, 246 F.3d 1336 (Fed. Cir. 2001). "In a credible economic analysis... the patentee must also present evidence of the (presumably reduced) amount of products the patentee would have sold at the higher price."

⁶⁰ *Crystal Semiconductor Corp. v. TriTech*, 246 F.3d 1336 (Fed. Cir. 2001) ("In a competitive market, sales quantity reacts to price changes.")

⁶¹ There must be causal relation between the infringement and its lost profits and the patent owner must show that but-for the infringement, it would have made infringer's sales. An award of lost profits may not be speculative and if two similar products compete in the same market, prices must not be significantly higher. These points have been noted by the Court in the case *Bic Leisure Products v. Windsurfing Int'l*, 1 F.3d 1214 (Fed. Cir. 1993).

⁶² *Brighton Collectibles, Inc. v. RK Texas Leather Mfg.*, 923 F. Supp. 2d 1245, 1255 (S.D. Cal. 2013).

⁶³ *Koon Chun Hing Kee Soy & Sauce Factory, Ltd. v. Star Mark Mgmt., Inc.*, 628 F. Supp. 2d 312, 320–21 (E.D.N.Y. 2009).

willing to pay a lower price for a counterfeit product, it is reasonable to assume they may choose not to purchase an authentic product at a higher price.

Furthermore if the defendant's product was not available, the customer may have instead opted to purchase a similarly less expensive product.

43. These cases highlight the economic logic behind a sound evaluation of claimed lost profits when prices differ meaningfully. Mr. Regan's failure to address this known economic reality renders his opinions on lost profits speculative. To avoid speculation, he would have to evaluate the change in demand for Cisco products as sales react to price changes and according to basic economic theory, when price increases, sales quantity decreases.⁶⁴ Without any reliable means of testing Defendants' customers' willingness to pay substantially higher prices, lost profits are speculative and improperly biased in favor of Plaintiffs⁶⁵, and therefore an inappropriate measure of damages.

3. Competitors and Alternative Purchasing Routes

44. One reason consumers react to higher prices is because they have options. Mr. Regan does not account for, or even acknowledge, the reality of consumer options and alternatives. In reality, many options were available to Defendants' customers. In a but-for world where Defendants' customers who purchased alleged Infringing Products could not purchase the same exact product from Defendants, they would still be faced with myriad of options including, but not limited to the options in Table 2 below:

⁶⁴ *Crystal Semiconductor Corp. v. TriTech*, 246 F.3d 1336 (Fed. Cir. 2001) ("According to basic tenets of economics, because Crystal is in a competitive market, if Crystal raised prices, Crystal's sales would have fallen.").

⁶⁵ That is, each and every reduction in sales due to a Defendants' customer's unwillingness to pay Cisco's higher prices reduces Cisco's potential damages, while each and every failure to identify such reductions benefits increases potential damages and benefits Cisco. In other words, given a starting point where all sales are accused, no analysis of customers' sensitivity to price can increase damages; it can only stay constant (if all customers are found to be price-insensitive) or decline (if some or all customers are found to be price-sensitive).

Table 2

	Product				
	Infringing	Inexpensive Product Similar to Infringing	Authentic Cisco	Authentic Mfg. Competitor	Existing Equipment
Defendants	x	√	√	√	√
Unapproved Cisco Seller	x	√	√	√	√
Cisco Mfg. Competitor	x	√		√	√
Cisco	x	√	\$		√
Cisco Authorized Partner	x	√	\$	√	√

√ = Possible

x = Not Possible

\$ = Necessary

N/A

45. Without substantiation, Mr. Regan excludes the possibility that in a but-for world, at least some of Defendants' customers who purchased alleged Infringing Products would have a multitude of options, as demonstrated in the table above. He unreasonably presumes that Cisco would have made every single unit sale despite the options available, including the option to buy nothing and continue using the existing equipment. With respect to the table above, Mr. Regan asserts that when infringement is not possible (his but for world), all of the Defendants' customers must reject the many check marked options in the table, and will necessarily chose one of just two options that earns money for Cisco.

B. Regan's Failure to Identify Defendants' Infringing Sales and Reliance on Cisco and Vendors to Provide Information

46. Mr. Regan does not identify Defendants' allegedly Infringing Sales on his own and instead relies on Cisco's Model to identify probabilistic averages of

Defendants' profits flowing from Infringing Sales.⁶⁶ In Mr. Regan's lost profits and disgorgement calculation for Defendants' sales of Cisco Tested Products, he relies solely on Cisco to provide that data. In his lost profits and disgorgement calculation for Link Sales to Defendants, he relies on data provided to him by Link and Cisco.⁶⁷ Similarly, in his lost profits and disgorgement calculation for Vodanet Sales to Defendants, he relies on data provided to him by Vodanet.⁶⁸ Link and Vodanet's data are incorrect to rely on as they are both shipments into inventory (e.g. Link sells to Defendants and Defendants have yet to sell product, thus remaining in inventory) as opposed to Defendants' actual sales. This may be evidence of inventory accumulation, instead of actual sales.⁶⁹

47. Mr. Regan mentions making adjustments to sales related to Defendants' Cisco products that were acquired from Link and Vodanet as he sees differences in the sales files between these vendors and Defendants.⁷⁰ Making adjustments to Defendants' sales based on Link and Vodanet's sales are potentially incorrect as Defendants' may not have made the sale of the product they acquired from Link or Vodanet and might be inventory accumulation.

⁶⁶ Regan Report, ¶¶ 74, 85.

⁶⁷ Regan Report, footnote 124, ¶¶ 69, 73, 80.

⁶⁸ Regan Report, footnote 124, ¶¶ 69, 84, 87.

⁶⁹ I have opined that it may be appropriate for Plaintiffs' to identify sales based on a large, random sample of Defendants' customers who purchased the alleged Infringing Products, but Plaintiffs' have not taken a large sample, nor provided a reliable statistical inference to rely on such database. (See Mangum Initial Report, ¶ 29).

⁷⁰ Regan Report, ¶¶ 75, 84.

48. In some instances, Mr. Regan seemingly makes no attempt to separate Defendants' sales of Cisco products from alleged Infringing Products and assumes all sales are derived from Infringing Products.⁷¹ For example, in Mr. Regan's damages calculation of lost profits and disgorgement for No Vendor Identified, it appears he includes sales of Cisco phones.⁷² This contradicts his analysis in Link Sales to Defendants in which he excludes "Phone" among other product types.⁷³ Mr. Regan did not provide many backup files or documents that he relies upon, thus I cannot fully verify his calculations nor the products that are included in his analysis. Mr. Regan fails to satisfy one of the major burdens of Plaintiffs by not identifying Defendants' Infringing Sales.⁷⁴
49. In all of these instances, Mr. Regan does not identify Defendants' Infringing Sales. Instead, he applies a percentage multiplier to a broader group of sales, without actually saying whether any particular sale is infringing or not. This gap in the process alleging wrong doing interferes with the Defendants' ability to see the infringing sale, and consider the costs related to that sale.

C. Regan's Reliance on Dr. Levy's Purported Validation of Cisco's Model

50. Mr. Regan relies on Cisco's Model in his lost profits and disgorgement damages calculations. Mr. Regan opines that Cisco's Model appear to be reasonable and he also expects Dr. Levy to opine on Cisco's methodology and find Cisco's Model to be reliable."⁷⁵ Mr. Regan's dependence on Cisco's Model is predicated on his own review and Dr. Levy's attempts to validate the metric.

⁷¹ Mr. Regan has not identified or defined what a "counterfeit" or infringing product is. (See Regan Report).

⁷² Regan Report, Schedules 6a, 6b, 6c; ADSI00334-7, column "item": "CP-6921-C-K9".

⁷³ Regan Report, Schedule 2b.

⁷⁴ Mangum Initial Report, ¶ 25.

⁷⁵ Regan Report, footnote 127, ¶ 70.

Mr. Regan opines that Cisco's criteria are reasonable and Cisco's conclusions appear to be reasonable, but provides no bases for his conclusion.⁷⁶ All of my preliminary rebuttal opinions of Dr. Levy's failings are laid out above.⁷⁷

D. Lost Profits

1. Applies Probabilistic Average Rates for Non-Authentic Sales

51. In a lost profits calculation, it is Plaintiffs' burden to identify Infringing Sales. As explained above, Mr. Regan does not identify Infringing Sales and instead identifies Defendants' sales of Cisco products which could potentially be infringing, then applies percentages from Cisco's Model in attempts to identify Defendants' Infringing Sales.

2. Assumes Infringing Sales Made Directly by Cisco

52. I understand Cisco sells products directly and through a variety of channels partners including distributors.⁷⁸ I also understand Cisco sells a substantial portion of their products through channel partners ("Partners"), while the remainder is sold through direct sales and Partners typically purchase Cisco products from distributors at a 38-42% discount.⁷⁹ In Mr. Regan's lost profits calculation of Infringing Sales for Link Sales to Defendants and Vodanet Sales to Defendants, he applies a 42% discount off the GLP.⁸⁰ In his lost profits calculation of Infringing Sales for Cisco Tested Products, Defendants' Transceivers, and No Vendor Identified, Mr. Regan assumes that Cisco would

⁷⁶ Regan Report, ¶ 70.

⁷⁷ See Section III of this report.

⁷⁸ Cisco 2019 Annual Report, p. 5.

⁷⁹ "Distributors typically hold inventory and sell to systems integrators, service providers, and other resellers." (See Cisco 2019 Annual Report, p. 5); Regan Report, ¶ 18.

⁸⁰ Regan Report, ¶¶ 77, 85.

have made these sales directly, thus applies no discount.⁸¹ He assumes Cisco would have made these sales despite the fact Cisco sells a substantial portion of their products through Partners.⁸² Partners if similar to Link and Vodanet, would offer a 42% discount. Mr. Regan's assumption directly conflicts with his position that "defendants' sales of non-genuine "Cisco" products displaced sales otherwise available to Cisco through its authorized distribution network."⁸³

3. Assumes All Cisco Product Sales Are Infringing Sales

53. In Mr. Regan's lost profits calculation of Infringing Sales for Link Sales to Defendants and Vodanet Sales to Defendants, he applies a percentage in attempts to compute probabilistic estimates of Infringing Sales.⁸⁴ In his calculation of Infringing Sales for Defendants' Transceivers and No Vendor Identified, Mr. Regan simply assumes that all Cisco product sales are Infringing Sales without verifying each sale to determine whether they are authentic or an Infringing Product.⁸⁵

E. Disgorgement (Unjust Enrichment)

54. With regards to damages for disgorgement of Defendants' profits, I understand it is the Plaintiffs' burden to identify the sales attributable to the alleged wrongdoing. Mr. Regan has not taken this step. Mr. Regan avoids identifying Infringing Sales and instead choses to identify Defendants' sales of Cisco products, deduct costs, then apply percentages from Cisco's Model in attempts to identify Infringing Sales. This method does not identify actual Infringing

⁸¹ Regan Report, ¶¶ 88, 91, 95.

⁸² Cisco 2019 Annual Report, p. 5.

⁸³ Regan Report, ¶ 63.

⁸⁴ Regan Report, ¶¶ 74, 85.

⁸⁵ Regan Report, ¶¶ 91, 95.

Sales and only estimates a probability of Defendants' sales that are alleged Infringing Sales.

1. Assumes All Cisco Product Sales Are Infringing Sales

55. Instead of identifying Infringing Sales, Mr. Regan applies a probabilistic percentage in attempts to compute estimates of Infringing Sales.⁸⁶ He applies these probabilistic percentages from Cisco's Model to the Link Sales to Defendants and Vodanet Sales to Defendants analysis but not to the Defendants' Transceivers or No Vendor Identification analysis.⁸⁷ He assumes all sales of Defendants' Transceivers and No Vendor Identification are Infringing Sales.

F. Adjustments to Disgorgement Analysis

56. Mr. Regan has not provided the full set of bases for his opinions. He has not provided information, data, formulas, or calculations that are integral parts of his analysis. Without the complete set of bases for his opinions, I cannot fully replicate, evaluate, critique, or rebut fully Mr. Regan's opinions. However, I understand that it is Defendants' burden to respond to Plaintiffs' identification of allegedly Infringing Sales with support for appropriate deductions to those sales, and any apportionment of those sales to factors other than the alleged wrongdoing. Since Mr. Regan has not provided all the bases for his opinions, and has not identified the particular sales that are allegedly infringing, I am unable to identify particular cost deductions to those sales. If additional information becomes available I will update my analysis appropriately.
57. I am able, however, to generally address certain levels of costs that are appropriate for deduction in the calculation of disgorgement damages. I have

⁸⁶ Regan Report, ¶¶ 82, 87.

⁸⁷ Regan Report, ¶¶ 93, 97.

reviewed the financial statements of the Defendants' and talked with a representative of the Defendants to understand the costs that were incurred in connection with the sales and marketing of Cisco products.⁸⁸ Exhibits to identify these cost deduction categories, as well as a representation of the cost deductions as a percentage of sales are in Exhibit 1 and 1a.

58. Without agreeing on the amounts of sales identified by Mr. Regan, I have taken those sales and deducted the costs I have identified as being incurred in connection with Cisco products. As discussed above, Mr. Regan has made presumptions about the extent of Infringing Products sold by the Defendants. With regard to sales he connects Link Sales to Defendants and Vodanet Sales to Defendants, Mr. Regan presumes a certain percentage of those sales were infringing. But, with respect to Defendants' Transceivers and No Vendor Identified, Mr. Regan assumes (without explanation) that all products are infringing. Given the partial understanding I have of Mr. Regan's analysis, this 100% presumption seems inappropriate, as opposed to the percentage from Link or Vodanet. I have prepared alternative calculations to Mr. Regan's disgorgement analysis to reflect these other infringing percentage applications to the Defendants' Transceivers and No Vendor Identified categories. These alternative analyses are found in Exhibits 2, 3, 4, 5, 5a, 5b, 5c, 6, 6a, 6b, and 6c.⁸⁹ A summary of adjustments to Mr. Regan's disgorgement calculations are presented below.
59. I understand that as part of determining damages for disgorgement of unjust enrichment, a Defendant is able to provide evidence of apportionment of its profits to factors other than the alleged wrongdoing. However, since Mr. Regan

⁸⁸ Discussion with Roya Sadaghiani (CFO of ADSI), April 28, 2020.

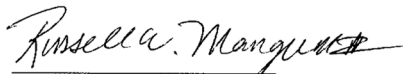
⁸⁹ The infringing percentage issue here also applies to Mr. Regan's lost profits damages calculation.

has (1) not communicated or provided the complete set of bases for his opinions, and (2) not actually identified whether Defendant's sales are infringing, I am thus far hindered from addressing apportionment of profits. Mr. Regan has only identified profits of an aggregated set of Defendants' sales (allegedly infringing and non-infringing). Mr. Regan's application of a percent to this larger grouping does not identify which profits are from allegedly infringing versus non-infringing products. Distinguishing between profits from allegedly infringing products and non-infringing products is part of how apportionment is evaluated. Mr. Regan's choices in his analysis and report submission preclude this evaluation. If additional information becomes available, I will update my analysis appropriately.

Summary of Damages Disgorgement

Category	Disgorgement	Source
Link US Sales to Defendants	\$22,704	Exhibit 2
Vodanet Sales to Defendants	\$4,279	Exhibit 3
Cisco Tested Products	\$3,279	Exhibit 4
Defendants' Transceivers (Weighted 41%)	\$68,761	Exhibit 5
No Vendor Identified (Weighted 41%)	\$57,693	Exhibit 6
Total	\$156,716	

May 1, 2020



Russell W. Mangum

APPENDIX A

RUSSELL W. MANGUM III



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Irvine, CA 92614

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CURRENT POSITIONS

Sr. Vice President, Nathan Associates Inc., 2007 to present
Associate Professor, Concordia Univ. Irvine, School of Business and Economics, 2013 to present

EDUCATION

Ph.D., economics, University of Southern California, 1995
M.A., economics, University of Southern California, 1992
B.A., economics, with honors, Calif. State University, Fullerton, 1988

SPECIALIZED EXPERIENCE, RESEARCH, OR INTEREST

Antitrust; Commercial Disputes; Intellectual Property; Statistics and Econometrics, Valuation

PAST POSITIONS

2002–2012	Associate Adjunct Professor, USC, Dept. of Economics	Los Angeles, CA
2001–2007	Vice President, Analysis Group, Inc.	Los Angeles, CA
2001	Manager, PricewaterhouseCoopers, Financial Advisory Svcs.	Los Angeles, CA
1998–2001	Managing Associate, Nathan Associates Inc.	Arlington, VA
1998–2000	Adjunct Professor, John Hopkins University, Krieger School	Washington, DC
1995–1998	Economist, U.S. Federal Trade Commission	Washington, DC

COURSES TAUGHT

- Principles of Microeconomics/Macroeconomics, Intermediate Microeconomics/Macroeconomics, Managerial Economics, Statistics and Econometrics, Finance, Money and Financial Markets, Economics of Sin, Environmental Economics, Business Information Technology, Advanced Topics in Economics

EXPERIENCE SUMMARY

Dr. Mangum has over 25 years of experience in economic analysis, research, and teaching. His consulting practice centers on economic analysis and damages quantification in matters related to intellectual property and technology, antitrust, class certification, statistical analysis, and complex commercial disputes. Dr. Mangum's experience as an economic expert is extensive, with testimony in over 100 matters before local, state, and federal courts. Dr. Mangum has taught graduate and undergraduate courses in economics, statistics, finance, and econometrics. He is currently an Associate Professor of Economics in the School of Business and Economics at Concordia University Irvine, and has previously taught at Johns Hopkins University, The University of Southern California, and Pepperdine University. Dr. Mangum previously worked at PricewaterhouseCoopers and The United States Federal Trade Commission, Bureau of Economics.

PROFESSIONAL EXPERIENCE

Intellectual Property

Dr. Mangum has substantial experience in the area of intellectual property damages, including claims related to infringement of patents; FRAND licensing commitments; patent pools; copyrights; and trademarks; as well as theft of trade secrets; false designation of origin; and false advertising. The case contexts in which Dr. Mangum has performed these analyses include:

- Patent infringement related to:
 - Computer, electronics, and telecommunication industry:
 - Cellular communication technology;
 - Modem communication devices;
 - Wireless communication devices (routers, cards, including under FRAND licensing commitments);
 - Handheld device navigation applications;
 - NIC hardware and chipsets;
 - Semiconductors;
 - Webswitching and IP router hardware;
 - Wired and wireless portable electronic temperature sensor devices;
 - Electronic eReader devices;
 - Digital TV Tuners under FRAND licensing commitments;
 - Automated lipsync animation used in video games;
 - Data encryption devices.
 - VoIP telephony services.
 - Medical devices:
 - Artificial vertebral disc implants;
 - Trocar seals for laparoscopic surgery;
 - Spinal fusion implants;
 - Breast biopsy devices;
 - Remote medical information monitoring technology.
 - Energy
 - Specialized valves used in oil refining;
 - Electric utility management systems;
 - Wide-area real time phasor measurement and monitoring.
 - Food and agriculture:
 - Additive-infused candy;
 - Nutritional supplements;
 - New variety of late ripening white grapes;
 - Structures and methods utilized in the growing of grapes and raisins.

- Business software
 - eProcurement;
 - Business intelligence;
 - Design and simulation;
 - Call routing software;
 - Computer tracking;
 - Program and application management;
- Clothing and clothing design
 - Padded athletic shirts/pants;
 - Shoes;
 - Headwear;
 - Accessories;
- Miscellaneous
 - Electronic nicotine delivery systems (NDS)
 - Personal watercraft devices and accessories
 - Consumer advertising design via use of digital media
 - Automated stapling machines used in bed manufacturing
 - Specialized hardware and control systems used in high-rise elevators
 - Electronic exchange systems for trading of commodities futures contracts
 - Electronic data management system used in public transportation projects
 - Document and print inspection systems
- Trademark, trade dress, or copyright infringement related to:
 - Sponsorship with motorsports, automotive repair tools and devices, beverages and snacks, and apparel;
 - Real estate property acquisition services;
 - Online dining reservation and payment services;
 - Internet search engine terms related to retail sales of food and arranged food products;
 - Enterprise Resource Planning (ERP) software;
 - Veterinary Teleradiology (online/internet) Services;
 - Devices and software for online mobile device data extraction;
 - Clothing, shoes, and jewelry;
 - Advertising and marketing through wireless mobile communications;
 - Motion picture trademarks in the manufacture of clothing;
 - Furniture products (mechanized and non-mechanized);
 - Portable combustion engines;
 - Infant care products;

- Homeopathic products;
- Postal measuring products;
- Scented candle products;
- Children's toys and art;
- Design plans for a theme amusement park.
- Theft of trade secrets related to:
 - Electronic mechanisms for payment processing;
 - Technical documents, Product features, customer data, and marketing methods/models related to Systems for General Floor Hospital Monitoring of patient vital statistics;
 - Training methods, pricing models, and customer status databases related to Enterprise Resource Planning (ERP) software;
 - Customer data and information, and pricing models related to employee pension and benefits insurance brokerage services;
 - Government contracted research into laser vibrometry;
 - Devices and software for mobile device data extraction;
 - IT system design and implementation for the US defense industry;
 - Electronic engineering and CAD packages used in US naval warcraft architecture;
 - Methods for mathematical simulations for the pricing of mortgage backed securities;
 - Soy coffee alternative products;
 - Design, development, marketing, and manufacturing of toys;
 - Computer game accessories.
- False advertising, false designation of origin, or unauthorized use of likeness related to:
 - Chemical dependence treatment services;
 - Real estate property acquisition services;
 - Security monitoring systems and services;
 - Consumer appliances;
 - High Availability Disaster Recovery (HA/DR) business software;
 - Medical data printer systems;
 - Furniture products;
 - Composed music and lyrics used in television commercials;
 - Restaurant meals and shopping services;
 - Internet advertising services via advertorial placement on publishers' websites;
 - Nutritional supplements and beverages.
- Inventorship disputes related to:
 - Spinal fusion implant systems;
 - Interarterial guidewire and embolic filter devices.

Competition/Antitrust

Dr. Mangum has substantial experience in the area of competition and antitrust, including analyses of relevant product and geographic markets, market power, monopolization, and likelihood of monopolization from impending events. These analyses usually include statistical and econometric analysis of market data to identify the extent of competition, and the magnitude of competition. The case contexts in which Dr. Mangum has performed these analyses include:

- Evaluated common impact and estimated damages, for direct and indirect purchasers, from price fixing and other conspiracies in the markets for commercial tissue paper, bulk vitamins, high-end automobiles, ready mix concrete, consumer apparel, Korean noodles, packaged seafood, interior molded doors, airline travel, and pharmaceuticals.
- Evaluation of alleged competitive foreclosure in the market for sleep apnea products, including relevant markets, market power, and lost profits damages.
- Evaluation of alleged price discrimination across dealers of hardscape building materials.
- Evaluation of antitrust claims and affirmative defenses of patent misuse related to required terms in patent license programs for flash memory semiconductors and systems.
- Evaluation of market segments, market channels, and cost pass-through in the market for DRAM-containing products and NFL brand apparel.
- Estimation of damages related to:
 - A conspiracy to boycott developments in DRAM packaging;
 - Foreclosure of competition in market for footwear insoles and inserts.
- Evaluation of competitive effects of exclusive dealing clause in a franchise agreement.
- Evaluated the competitive effects of exclusive dealing policies regarding:
 - Acute care hospital and physician services;
 - Customer purchase data exchange related to direct mail advertising and sales;
 - Free standing insert advertising (coupon) services;
 - Replacement parts for 3-piece body welder systems;
 - Interconnect agreements between internet backbone communication services;
 - Supply of biological inputs used in creating generic biologic therapeutic treatments;
 - Professional sports branded athletic apparel;
 - Durable medical equipment;
 - Pharmaceuticals.
- Analyzed the competitive effects from wrongful patent application and issuance (fraud on the patent office) related to processes and mechanisms for food preparation and processing.
- Analyzed the likely competitive effects of proposed mergers in various industries, including hospital services, physician services, pharmaceuticals, medical insurance, construction aggregates, supermarkets, auto parts, cable systems and programming, industrial refractories, and computer game software.

Commercial Disputes

- Estimated damages in the form of lost profits from breach of contract in a services joint venture involving use of indexes and associated data for creation and analysis of international financial securitized and derivatives.
- Estimated damages in the form of disgorgement and lost company value related to brokerage services involving employee pension and benefit programs.
- Evaluated claims of replacement cost and lost profits damages related to alleged interference in the market for femtocell wireless communication products.
- Evaluated claims of damages in the form of lost profits and disgorgement of compensation and benefit from alleged unauthorized use of confidential materials in the market for government contracts for research into laser vibrometry.
- Estimated damages from employee theft of HDD computer memory products from a research/testing facility. Calculated value based on historical in-channel market price and on historical costs of manufacturing and sales.
- Evaluated claims of lost profits damages arising from alleged professional malpractice related to commercial development and land use.
- Provided statistical and data analysis of invoices for disaster recovery and construction services. Estimated lost profits related to alleged fraud, breach of contract, and tortious interference.
- Estimated damages related to alleged breaches of contract, including:
 - Contract involving the development and sale of solar power generation projects;
 - Contract involving the supply of active ingredients in nutraceuticals;
 - Non-solicitation agreement between government defense contracting companies;
 - Contract for concession services at amusement parks;
 - Contract for creation and promotion of credit reporting services;
 - Contract for supply of MLB jerseys used in creation of sports memorabilia;
 - Contract for blending and supply contracts for specialized non-dairy beverages;
 - Non-compete clauses (restaurant lease, franchising, structural steel fabrication);
 - Contract for earning and redeeming of frequent flyer miles;
 - Contract for purchase of television airtime on a local over-the-air station;
 - Contract for representation and sale of television programming;
 - Royalty contract regarding design and functionality elements use in toys;
 - Contract for technology and support from software conference bridge systems;
 - Contract for conference calling services and long distance calls connection services.
- Estimated damages from defamation related to the launch of a clinic for medical disorders.
- Evaluated claims by the CA Coastal Commission related to lost recreational value from proposed coastal bluff seawall construction.
- Evaluated concepts and methods for calculating proceeds from a Qi Tam suit related to improper medical lab billing practices.
- Estimated damages related to Quantum Meruit claims involving use of software to manage viewing and storage of electronic medical images.

Employment and Labor

- Estimated damages related to lost profits; lost company value, employee training and hiring expense, and/or disgorgement of defendant's profits in multiple cases related to the alleged breach of non-solicitation agreements and unauthorized use of confidential information by departing employees the insurance and MLM health and wellness industries.
- Estimated lost profits damages and/or disgorgement of defendant's profits in multiple cases related to the alleged breach of non-solicitation agreements and unauthorized use of confidential information involving government defense contracting companies.
- Estimated plaintiff's lost profits and disgorgement of defendant's profits related to the theft of trade secrets by departing employees in the automated emergency/disaster response industry.
- Estimated disgorgement of defendant's profits related to the theft of trade secrets by departing employees in the naval engineering industry.
- Provided statistical analysis of employee time card and pay data to estimate instances of underpayment or missed breaks.
- Estimated lost earnings and compensation damages related to an alleged wrongful termination of an employee; evaluated lost wages/earnings, lost retirement benefits, and lost compensation through stock options.
- Estimated damages to an employee/inventor related to exclusion as an inventor from PCT applications following termination from a start-up medical devices company; evaluated the plaintiff's claims of lost share of proceeds from technology share.

Statistical and Econometric Analysis

- Performed regression analysis to evaluate class-wide damages related to class certification in the context of alleged conspiracy on the prices of interior molded doors.
- Performed regression analysis to evaluate class-wide damages related to class certification in the context of alleged conspiracy on the prices of packaged seafood.
- Performed regression analysis to evaluate class-wide damages related to class certification in the context of alleged conspiracy on the prices of transatlantic air travel.
- Performed regression analysis to evaluate class-wide damages related to class certification in the context of alleged conspiracy on the prices of Korean noodle products.
- Evaluated regression and statistical analysis offered in support of damages related to an alleged breach of non-solicitation agreements and unauthorized use of confidential information by departing employees the insurance and MLM health and wellness industries.
- Evaluated regression and statistical analysis offered in support of damages and common impact in an indirect purchaser class action related to alleged false advertising for nutritional supplement beverages.

- Performed regression analysis to evaluate class-wide damages related to class certification in the context of alleged conspiracy and exclusive agreement between professional sports teams and an apparel manufacture.
- Performed regression analysis to estimate class-wide damages related to class certification in the context of alleged price fixing in markets for ready mix concrete.
- Performed regression analysis to estimate pass-through of anticompetitive price increases in the manufacturing and sale of DRAM and DRAM containing devices.
- Provided statistical analysis of employee time card and pay data to estimate instances of underpayment or missed breaks.
- Provided sampling techniques and statistical analysis of customer service database to estimate the extent of use of an allegedly infringing feature in a commercial router.
- Evaluated sampling techniques and extrapolation estimates related to allegedly improper medical billing practices and in the context of damages related to construction defects.
- Provided statistical and econometric analysis of survivorship related to consumer membership attrition in credit reporting programs.
- Provided statistical and econometric analysis of the correlation between purchase of infringing products and consequential purchase of related services.
- Provided statistical analysis and estimate of medical product sales in the absence of data from third party sales force.
- Provided statistical and econometric analysis of conference calling minutes related to alleged intentional interference and unfair competition.
- Conducted statistical analysis of incremental costs in support of lost profits calculations.

EXPERT WITNESS EXPERIENCE (SINCE 2015)

- *Cisco Systems Inc. et al. v. Zahid Hassan Sheikh et al.*, United States District Court, Northern District of California (2020). Submitted an expert report behalf of certain defendants related to damages from alleged counterfeit sales and trademark infringement involving transceiver and switching IT equipment.
- *San Diego Country Credit Union v. Citizens Equity First Credit Union*, United States District Court, Southern District of California (2020). Provided deposition testimony on behalf of plaintiff related to damages flowing from fraudulent declaration in the registration of a trademark involving credit unions.
- *Sprint Communications Company LP v. Atlantic Broadband Finance LLC, et al.*, United States District Court, Southern District of Delaware (2020). Submitted an expert report behalf of plaintiff related to lost profits royalty damages from alleged patent infringement involving VoIP telephony services.
- *Sprint Communications Company LP v. Charter Communications Inc. et al.*, United States District Court, Southern District of Delaware (2020). Submitted an expert report behalf of plaintiff related to lost profits and royalty damages from alleged patent infringement involving VoIP telephony services.
- *Sprint Communications Company LP v. Mediacom Communications Corp.*, United States District Court, Southern District of Delaware (2020). Submitted an expert report behalf of plaintiff related to lost profits and royalty damages from alleged patent infringement involving VoIP telephony services.

- *Sprint Communications Company LP v. TPC Global LLC et al.*, United States District Court, Southern District of Delaware (2020). Submitted an expert report behalf of plaintiff related to lost profits and royalty damages from alleged patent infringement involving VoIP telephony services.
- *Sprint Communications Company LP v. Wideopenwest Inc. et al.*, United States District Court, Southern District of Delaware (2020). Submitted an expert report behalf of plaintiff related to lost profits and royalty damages from alleged patent infringement involving VoIP telephony services.
- *In Re: Molded Doors Indirect Purchaser Antitrust Litigation*, United States District Court, Eastern District of Virginia, Richmond Division (2020). Provided deposition testimony related to class certification and the merits phase of an antitrust case on behalf of an indirect purchaser plaintiff class related to the evaluation of common impact, pass-through, and class wide damages involving alleged collusion on the prices for interior molded doors.
- *S&P Dow Jones Indices LLC and SPDJ Singapore Pte Ltd. v. BSE Ltd.*, United States District Court, Northern District of California (2020). Testified in a tribunal trial on behalf of claimants rconcerning damages from breach of contract in a service joint venture related to the use of indexes and associated data for creation and analysis of international financial securitied and derivatives.
- *Citicon USA LLC v. Riverpay Inc. et al.*, United States District Court, Northern District of California (2019). Testified in trial on behalf of defendant/counterplaintiff concerning damages from alleged tortious intereference and breach of contract involving electronic payment processing services.
- *3G Licensing, et al., v. Lenovo Group Ltd., et al.*, United States District Court, District of Delaware (2019). Submitted an expert report on behalf of defendants Lenovo and Motorola Mobility related to reasonable royalty damages for patent infringement involving cellular phone technologies.
- *Martifer-Silverado Fund I, LLC and Silverado Power LLC v. Talesun Solar USA, Ltd.*, Superior Court of California, San Francisco County (2019). Provided deposition testimony on behalf of Defendant, related to alleged breach of contract involving solar energy projects.
- *Inteliquent, Inc. v. Free Conferencing Corporation, et al.*, United States District Court, Northern District of Illinois, Eastern Division (2019). Provided deposition testimony on behalf of Counterclaim Plaintiffs, related to alleged breach of contract, intentional interference, and unfair competition involving conference calling services and long distance calls connection services.
- *In Re Domestic Airline Travel Antitrust Litigation*, United States District Court, District of Columbia (2019). Submitted expert report related to the economic effects of an alleged conspiracy to constrain capacity in the domestic airline travel industry.
- *In Re: Packaged Seafood Products Litigation*, United States District Court, Southern District of California (2019). Provided deposition testimony related to the merits phase of the case and also testfied at a bench trial (evidentiary hearing) on behalf of direct purchaser plaintiff class related to class certification and estimation of class wide damages in an antitrust case involving alleged collusion on the prices for packaged seafood. Also issued initial and reply reports regarding class certification and initial and reply reports related to antitrust effects and damages.

- *T.R.P. Company, Inc., v. Similasan AG and Similasan Corporation*, United States District Court, District of Nevada (2019). Provided deposition testimony on behalf of plaintiff/counter-defendant involving unjust enrichment and lost profits related to trademark infringement of certain homeopathic products.
- *Advanced Digital Solutions International, Inc., v. Rabi Systems, Inc., et al.*, Superior Court for the State of California, County of Alameda (2019). Provided deposition testimony on behalf of plaintiff concerning disgorgement damages related to trade secret misappropriation involving the theft of customer lists.
- *ADT LLC and ADT US Holdings v. Alder Holdings LLC, et al.*, United States District Court, Southern District of Florida, Palm Beach Division (2019). Provided trial testimony on behalf of plaintiff involving unjust enrichment and royalty damages related to alleged false advertising and unfair competition, and contempt of injunction related to security monitoring systems and services.
- *ADT LLC v. Security Networks LLC et al.*, United States District Court, Southern District of Florida, Palm Beach Division (2019). Submitted an expert report on behalf of plaintiff involving unjust enrichment and royalty damages related to alleged false advertising and unfair competition, and contempt of injunction related to security monitoring systems and services.
- *ADT LLC & ADT US Holdings, Inc. v. Northstart Alarm Services LLC et al.*, United States District Court, Southern District of Florida (2019). Submitted an expert report on behalf of plaintiff involving unjust enrichment and royalty damages related to alleged false advertising and unfair competition, and contempt of injunction related to security monitoring systems and services.
- *Grasshopper House LLC. V. Clean & Sober Medua LLC., et al.*, and *Cliffside Malibu, et al. v. Grasshopper House LLC, et al.* United States District Court, Central District of California, Western Division (2019). Testified in trial on behalf of counterclaim plaintiffs involving damages from alleged false advertising related to treatment services for chemical dependence.
- *In Re Korean Ramen Antitrust Litigation*, United States District Court, Northern District of California, San Francisco Division (2018). Provided trial testimony on behalf of a class of purchasers of Korean Noodles related to damages from an alleged antitrust price fixing conspiracy.
- *Monster Energy Company v. Integrated Supply Network LLC*, United States District Court, Central District of California (2018). Provided trial testimony on behalf of plaintiff related to damages from alleged trademark and trade dress infringement involving beverages and snacks, tools, and clothing, motorsports and sponsorship and promotion.
- *Soteria Encryption LLC v. Apricorn Inc., et al.*, United States District Court, Central District of California, Western Division (2018). Submitted an expert report on behalf of defendants Apricorn and Lenovo related to reasonable royalty damages for patent infringement involving data encryption devices.
- *McRO Inc. v. Bandai Nameco Games America Inc., et al.*, United States District Court, Central District of California, Western Division (2018). Provided deposition testimony on behalf of certain defendants related to damages from alleged patent infringement involving automated lipsync animation used in video games.

- *In Re: Transpacific Passenger Air Transportation Antitrust Litigation*, United States District Court, Northern District of California San Francisco Division (2018). Provided deposition testimony on behalf of direct purchaser plaintiff class related to class certification and estimation of class wide damages in an antitrust case involving alleged collusion on the prices for transatlantic air travel.
- *Express Homebuyers USA, LLC, v. WBH Marketing Inc.*, United States District Court, Eastern District of Virginia, Alexandria Division (2018). Provided deposition testimony on behalf of defendant/counterplaintiff related to damages from alleged trademark infringement and trade libel involving real estate property acquisition services.
- *Schneider et al. v. Chipotle Mexican Grill, Inc.*, United States District Court, Northern District of California, San Francisco Division (2017). Provided deposition testimony on behalf of defendant related to class certification and price premium damages involving alleged false statements about food product ingredients.
- *Microsoft Corporation v. A&S Electronic Inc.* United States District Court, Northern District of California (2017). Submitted an expert report on behalf of defendant related to damages from alleged trademark and copyright infringement involving business productivity software packages.
- *Personal Watercraft Product SAS v. Flydive, Inc., et al.*, United States District Court, Central District of California, Southern Division (2017). Submitted an expert declaration on behalf of plaintiff related to irreparable harm from alleged patent infringement in the personal watercraft industry.
- *ADT LLC and ADT US Holdings v. Vivint Inc.*, United States District Court, Southern District of Florida, Palm Beach Division (2017). Provided deposition testimony on behalf of plaintiff involving unjust enrichment and royalty damages related to alleged false advertising and unfair competition related to security monitoring systems and services.
- *Profoot Inc. v. Bayer Healthcare LLC*, United States District Court, Eastern District of New Jersey (2017). Provided deposition testimony on behalf of plaintiff Profoot, involving lost profits damages related to alleged anticompetitive actions in the market for footwear insoles and inserts.
- *In re: Sotera Wireless, Inc., Debtor*, United States Bankruptcy Court, Southern District of California (2017). Provide trial testimony on behalf of creditor Masimo Corporation, involving lost profits, unjust enrichment, and royalty damages related to alleged theft of trade secrets in the market for systems used in general floor hospital patent monitoring.
- *Globeride Inc., v. Pure Fishing, Inc.*, United States District Court, Central District of California (2017). Provided deposition testimony on behalf of plaintiff concerning reasonable royalty damages related to alleged patent infringement involving fishing reels.
- *ADT LLC and ADT US Holdings v. Capital Connect Inc., et al.*, United States District Court, Northern District of Texas, Dallas Division (2016). Submitted an expert report on behalf of plaintiff involving unjust enrichment and royalty damages related to alleged false advertising and unfair competition related to security monitoring systems and services.
- *3B Medical Inc. v. ResMed et al.*, United States District Court, Middle District of Florida, Tampa Division (2016). Provided deposition testimony on behalf of plaintiff related to alleged competitive foreclosure in the market for sleep apnea products.

- *ADT LLC and ADT US Holdings v. Alarm Protection LLC, et al.*, United States District Court, Southern District of Florida, Palm Beach Division (2016). Provided deposition testimony on behalf of plaintiff involving unjust enrichment and royalty damages related to alleged false advertising and unfair competition related to security monitoring systems and services.
- *Reserve Media Inc. v. Efficient Frontiers Inc. et al.*, United States District Court, Central District of California (2016). Provided deposition testimony on behalf of counterdefendant concerning damages related to alleged trademark infringement involving restaurant reservation services.
- *Adel Tanfilis, DDS d/b/a Carmel Valley Center for Oral and Maxillofacial Surgery and Hamid A. Towhidian, M.D., et al. v. Allergan, Inc.*, United States District Court, Central District of California, Southern Division (2016). Provided deposition testimony on behalf of a class of purchasers of Botox cosmetic products related to the certification of a class alleging an anticompetitive exclusive supply agreement.
- *Homeland Housewares, LLC. and Nutribullet, LLC v. Shark Ninja Operating LLC*, United States District Court, Central District of California, Western Division (2016). Provided deposition testimony on behalf of defendant concerning damages related to false advertising involving consumer appliances.
- *Evolv LLC v. Joyetech USA, LLC, Joyetech (Changzhou) Electronics Co., Ltd., and Wismec Industry Co., Ltd.*, United States District Court, Central District of California, Southern Division (2016). Submitted an expert declaration on behalf of plaintiff concerning irreparable harm from patent infringement involving electronic nicotine delivery system (ENDS) technology and products.
- *Edible Arrangements v. Provide Commerce Inc.*, United States District Court, Central District of Connecticut (2016). Submitted an expert report on behalf of defendant concerning claimed trademark disgorgement damages and lost royalty damages involving internet search engine terms related to retail sales of food and arranged food products.

RESEARCH PAPERS AND PUBLICATIONS

- “FRAND Commitments and Royalties for Standard Essential Patents”, with S. Bosworth and E. Matolo, in Complications and Quandaries in the ICT Sector, Bharadwaj, Gupta, and Devaiah eds., Ch. 2, Springer Open, ISBN 978-981-10-449570, 2018.
- “Corrective Advertising in Lanham Act Damages: The Use and Misuse of Past Advertising Expenditures” with S. Bosworth and E. Matolo, *The Trademark Reporter*, May-June Volume, 2017.
- “The Case for Admitting Settlement License Agreements in a Reasonable Royalty Analysis,” with S. Conroy and R. Knudsen, 2011, *Les Nouvelles*, Volume XLVI No. 4, 2012.
- “Cost Analysis,” with J. Kinrich and A. Meister, in *Intellectual Property Damages, Guidelines and Analysis*, 2004 supplement, M. Glick, L. Reymann, and R. Hoffman, eds., Chapter 14a, Wiley: New York.
- “Analysis and Measurement of Damages in Patent Infringement Actions,” with J. Kinrich, 2003, proceedings of Practicing Law Institute.

PAST OR PRESENT AWARDS, PROFESSIONAL MEMBERSHIPS

Outstanding Antitrust Litigation Achievement in Economics, American Antitrust Institute, 2019

American Antitrust Institute, advisory board member

American Bar Association, member

American Economic Association, member

Licensing Executives Society, member, chapter chair

Los Angeles County Bar Association, member

Los Angeles Intellectual Property Law Association, member

Orange County Bar Association, member

Orange County Patent Law Association, member

Appendix B Documents Received

Bates Range		
Stamp	Beginning	Ending
- ASDI	00001	00098
- ASDI	00099A	00099A
- ASDI	00099	00333
- ASDI	00334	00334
- ASDI	00335	00335
- ASDI	00336	00336
- ASDI	00337	00337
- ASDI	00338	00338
- ASDI	00339	00339
- ADSI	00340	01518
- CCO	000001	001676
- CISCO	2190	2190
- CISCO	2191	2191
- CISCO	00000001	00002189
- CISCO	00002190	00002783
- CISCO	00002783	00003961
- CISCO	00003962	00004158
- CISCO	00004159	00008025
- CISCO	00008028	00008099
- CISCO	00008100	00008106
- CISCO_ABARAM	000001	000360
- CISCO_ABARAM	000361	000361
- KFA	00001	00001
- KFA	00002	00002
- KFA	00003	00003
- KFA	00004	00004
- KFA	00005	00005
- KFA	00006	00006
- PFT	00001	00044
- VTA	001	005

Documents

- Deposition of Shahid Sheikh, Sep. 10, 2019 and Ex. 15
- K&F P&L 2015
- K&F P&L 2016
- K&F P&L 2017
- K&F P&L 2018
- K&F P&L 2019
- K&F Balance Sheet 2015
- K&F Balance Sheet 2016
- K&F Balance Sheet 2017
- K&F Balance Sheet 2018
- K&F Balance Sheet 2019

Appendix B

Documents Received

Court Documents

- Complaint for Damages and Injunctive Relief , December 18, 2018
- ADSI Supplement to Cisco Mediation Brief, December 11, 2019
- Cisco's Second Amended Complaint for Damages & Injunctive Relief, December 04, 2019
- Defendants Advanced Digital Solutions International, Inc., PureFutureTech, LLC, Kamran Sheikh, and Farhaad Sheikh's Answer to Plaintiff's Second Amended Complaint, December 18, 2019
- Joint Case Management Statement & [Proposed] Order , December 19, 2018
- Plaintiffs' Corporate Disclosure Statement , December 19, 2018
- Plaintiffs' Disclosure of No Non-Party Interested Entities or Persons, December 19, 2018
- Defendants Shahid Sheikh, Roya Sadaghiani, Advanced Digital Solutions International, Inc., Kamran Sheikh, PureFutureTech, LLC, And Jessica Little's Rule 26 Initial Disclosures
- Certification of Interested Entities or Persons By Defendants IT Devices Online, Inc. and Zahid "Donny" Hassan Sheikh, January 31, 2019
- Defendants Shahid Sheikh, Roya Sadaghiani, Advanced Digital Solutions International, Inc., Kamran Sheikh, PureFutureTech, LLC, And Jessica Little's Answer to Plaintiffs' Complaint, February 25, 2019
- Defendants Advanced Digital Solutions International, LLC., and PureFutureTech, LLC's Corporate Disclosure Statement, February 25, 2019
- Defendants' Disclosure of Non-Party Interested Entities or Persons, February 25, 2019
- Declaration of Parkhurst in Support of Plaintiff's and Cross-Defendants' MSA of the Cross-Complaint of Masood Minhas and Pure Future Technology, March 01, 2019
- Exhibits C, D, E, H, I, and J to Declaration of Parkhurst Iso Plaintiff's and Cross-Defendants' MSA of the Cross-Complaint of Minhas and Pure Future Technology, March 01, 2019
- MPA ISO Plaintiff's and Cross-Defendants' MSA of the Cross-Complaint of Masood Minhas and Pure Future Technology, March 01, 2019
- Notice of Lodging Records Designated by Mike Mhas as Confidential Under the Protective Order, March 01, 2019
- Motion of Motion for Plaintiff's and Cross-Defendants' MSA of the Cross-Complaint of Masood Minhas and Pure Future Technology, March 01, 2019
- [Proposed] Order Granting Plaintiff's and Cross-Defendants' MSA of the Cross-Complaint of Masood Minhas and Pure Future Technology, March 01, 2019
- Separate Statement in Support of Plaintiff's and Cross-Defendants' MSA of the Cross-Complaint of Masood Minhas and Pure Future Technology, March 01, 2019
- Joint Case Management Conference Statement, March 11, 2019
- Defendant Advanced Digital Solutions International, Inc.'s Third-Party Complaint Against Rahi Systems, Inc., Pure Future Technology, Inc., Masood Minhas A.K.A. Mike Minhas, Nauman Karmat A.K.A. Norman Karmat, Nabia Udin, Karoline Banzon, and Kaelyn Nguyen, March 11, 2019
- First Amended Complaint for Damages and Injunctive Relief, March 19, 2019
- Defendants Advanced Digital Solutions International, Inc., PureFutureTech, LLC, and Jessica Little's Answer to Plaintiffs' First Amended Complaint, March 29, 2019
- IT Devices Online, Inc. and Zahid "Donny" Hassan Sheikh's Answer to Plaintiffs' First Amended Complaint, April 01, 2019
- IT Devices Online, Inc. and Zahid "Donny" Hassan Sheikh's Answer to Plaintiffs' First Amended Complaint, April 02, 2019
- Stipulation RE: Response to Third Party Complaint of Advanced Digital Solutions, Inc., April 30, 2019
- Motion to Dismiss and Motion to Strike Third Party Complaint, May 06, 2019
- Notice of Pendency of Other Action or Proceeding Pursuant to Civil Local Rule 3-13, May 06, 2019
- Third Party Defendants Rahi Systems, Inc. Federal Rule of Civil Procedure 7.1 Disclosure, May 06, 2019
- Third Party Defendants Pure Future Technologies, Inc. Federal Rule of Civil Procedure 7.1 Disclosure, May 06, 2019

Appendix B

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- Third Party Defendants' Certification of Interested Entities or Persons Pursuant to Local Rule 3-15, May 06, 2019
- Third Party Defendants' Demand for Jury Trial, May 06, 2019
- Third Party Plaintiff Advanced Digital Solutions International, Inc.'s Opposition to Motion to Dismiss and Motion to Strike Third-Party Complaint, May 20, 2019
- Reply in Support of Motion to Dismiss and Motion to Strike Third-Party Complaint Filed By Defendant and Third-Party Plaintiff Advance Digital Solutions, Inc., May 28, 2019
- Order Re: Motion to Dismiss Third Party Complaint and Strike Motion for Attorney's Fees, June 14, 2019
- Stipulation and [Proposed] Order to Extend Mediation Deadline, June 19, 2019
- Order to Extend Mediation Deadline, June 20, 2019
- Answer to Third-Party Complaint Filed by Defendant and Third-Party Plaintiff Advanced Digital Solutions, Inc., June 29, 2019
- Statement to the Court Concerning July 8, 2019 Status Conference, June 29, 2019
- Statement of Defendant and Third-Party Plaintiff, Advanced Digital Solutions International, Inc., Concerning the July 8, 2019 Status Conference, July 01, 2019
- Plaintiffs and Defendants Zahid "Donny" Hassan Sheikh and IT Devices Online, Inc.'s Joint Statement RE July 8, 2019 Case Management Conference, July 03, 2019
- Order Vacating Case Management Conference, July 03, 2019
- Joint Status Report for Compliance Hearing, August 14, 2019
- Stipulated Protective Order Re: Confidential Information, September 06, 2019
- Stipulation and Proposed Order to Extend Mediation Deadline, September 10, 2019
- Stipulated Protective Order Re: Confidential Information, September 10, 2019
- Order to Extend Mediation Deadline, September 13, 2019
- Stipulation and [Proposed] Order to Extend Mediation Deadline, October 31, 2019
- Order Granting Stipulation to Extend Mediation Deadline, November 01, 2019
- Plaintiffs Cisco Systems Inc. and Cisco Technology, Inc. Motion for Leave to File Second Amended Complaint, November 12, 2019
- Declaration of Anna P. Chang in Support of Plaintiffs Cisco Systems, Inc. and Cisco Technology, Inc.'s Motion for Leave to File Second Amended Complaint, November 12, 2019
- Order Granting Motion for Plaintiffs Cisco Systems, Inc. and Cisco Technology, Inc.'s Leave to File Second Amended Complaint, November 12, 2019
- Statement of Non-Opposition to Plaintiffs Cisco Systems, Inc. and Cisco Technology, Inc.'s Motion for Leave to File Second Amended Complaint, November 15, 2019
- Statement of Non-Opposition to Plaintiff's Motion for Leave to File Second Amended Complaint, November 26, 2019
- Declaration of Andrew Parkhurst in Support of Defendants' Statement of Non-Opposition to Plaintiff's Motion for Leave to File Second Amended Complaint, November 26, 2019
- Amended Declaration of Andrew Parkhurst in Support of Defendants' Statement of Non-Opposition to Plaintiff's Motion for Leave to File Second Amended Complaint, November 26, 2019
- Order Granting Cisco Systems, Inc. and Cisco Technology, Inc. Motion for Leave to File Second Amended Complaint, December 03, 2019
- Response of ADSI Parties to Joint Administrative Motion
- Declaration of Richard Nelson in support of Joint Administrative Motion for Order Setting Emergency Case Management Conference, January 09, 2020
- Joint Administrative Motion for Order Setting Emergency Case Management Conference, January 09, 2020
- Order Granting Joint Administrative Motion for Order Setting Emergency Case Management Conference, January 09, 2020
- Plaintiffs' Rule 26(A) Expert Witness Disclosure

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Court Documents

- (Dkt 87) Order Granting Joint Administrative Motion for Order Setting Emergency Case Management Conference, January 10, 2020
 - (Dkt 88) Response to ADSI Parties to Joint Administrative Motion, January 10, 2010
 - (Dkt 93) Defendant Imran Husain's Answer to Plaintiff's Second Amended Complaint, January 31, 2020
 - (Dkt. 100) Joint Case Management Statement, February 14, 2020
 - (Dkt. 106) Case Management and Pretrial Order, February 27, 2020
 - (Dkt 108) Notice of Motion and Motion by Defendants to Stay Civil Proceedings Until Expiration of Statue of Limitations; Memorandum of Points and Authorities, March 16, 2020
 - (Dkt 108-1) Declaration of Andrew Parkhurst in Support of Motion by Defendants to Stay Civil Proceedings Until Expiration of Statue of Limitations, March 16, 2020
 - (Dkt 108-2) [Proposed] Order of Motion by Defendants to Stay Civil Proceedings Until Expiration of Statue of Limitations, March 16, 2020
 - (Dkt 113) Administrative Motion to Permit Plaintiffs to Complete Certain Third Party Discovery After the Fact Discovery Cutoff, March 20, 2030
 - (Dkt 113-1) [Proposed] Order Granting Plaintiffs' Administrative Motion to Permit Plaintiffs to Complete Certain Third Party Discovery After the Fact Discovery Cutoff, March 20, 2020
 - (Dkt 113-2) Declaration of Angela M. He in Support of Plaintiffs' Administrative Motion to Permit Plaintiffs to Finish Certain Third Party Discovery After the Fact Discovery Cutoff, March 20, 2030
 - (Dkt 113-3) Declaration of Richard J. Nelson in Support of Plaintiffs' Administrative Motion to Permit Plaintiffs to Finish Certain Third Party Discovery After the Fact Discovery Cutoff, March 20, 2020
 - (Dkt 115) Defendants' Opposition to Administrative Motion to Permit Plaintiffs to Continue Third Party Discovery After the Fact Discovery Cutoff , March 24, 2020
 - (Dkt 115-1) Declaration of Andrew Parkhurst in Support of Defendants' Opposition to Administrative Motion to Permit Plaintiffs to Continue Discovery After the Fact Discovery Cutoff, March 24, 2020
 - (Dkt 115-2) [Proposed] Order on Defendants' Opposition to Administrative Motion to Permit Plaintiffs to Continue Third Party Discovery After Fact Discovery Cutoff, March 24, 2020
 - (Dkt 116) Statement of Non-Opposition to Administrative Motion to Permit Plaintiffs to Continue Third Party Discovery After Fact Discovery Cutoff, March 24, 2020
 - (Dkt 118) Defendant Jessica Little's Notice of Non-Opposition and Joinder in Motion by Defendants to Stay Civil Proceedings Until Expiration of Statue of Limitations, March 30, 2020
 - (Dkt 119) Imran Husain's Joinder in Motion by Defendants to Stay Civil Proceedings Until Expiration of Statue of Limitations, March 30, 2020
 - (Dkt 121) Opposition to Defendants' Opposition to Motion to Stay Civil Proceedings Until Expiration of Statue of Limitations, March 30, 2020
 - (Dkt 121-1) Declaration of Kathleen B. Friend in Support of Opposition to Defendants' Motion to Stay Civil Proceedings Until Expiration of Statue of Limitations, March 30, 2020
 - (Dkt 122) Plaintiffs' Opposition to Motion by Defendants to Stay Civil Proceedings Until Expiration of Statue of Limitations, March 30, 2020
 - (Dkt 122-1) Declaration of Richard J. Nelson in Support of Plaintiffs' Opposition to Motion by Defendants to Stay Civil Proceedings Until Expiration of Statue of Limitations, March 30, 2020
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Opposing Expert's Report

- Expert Report of Daniel Levy, April 17, 2020
 - Expert Report of Greg Regan, April 17, 2020
-

Summary of Damages Disgorgement

Category	Disgorgement	Source
Link US Sales to Defendants	\$22,704	Exhibit 2
Vodanet Sales to Defendants	\$4,279	Exhibit 3
Cisco Tested Products	\$3,279	Exhibit 4
Defendants' Transceivers (Weighted 41%)	\$68,761	Exhibit 5
No Vendor Identified (Weighted 41%)	\$57,693	Exhibit 6
Total	\$156,716	

Summary of Damages (Alt. A) Disgorgement

Category	Disgorgement	Source
Link US Sales to Defendants	\$22,704	Exhibit 2
Vodanet Sales to Defendants	\$4,279	Exhibit 3
Cisco Tested Products	\$3,279	Exhibit 4
Defendants' Transceivers (Vodanet 21%)	\$34,636	Exhibit 5a
No Vendor Identified (Vodanet 21%)	\$29,061	Exhibit 6a
Total	\$93,959	

Summary of Damages (Alt. B) Disgorgement

Category	Disgorgement	Source
Link US Sales to Defendants	\$22,704	Exhibit 2
Vodanet Sales to Defendants	\$4,279	Exhibit 3
Cisco Tested Products	\$3,279	Exhibit 4
Defendants' Transceivers (Link 73%)	\$121,294	Exhibit 5b
No Vendor Identified (Link 73%)	\$101,771	Exhibit 6b
Total	\$253,328	

Summary of Damages (Alt. C) Disgorgement

Category	Disgorgement	Source
Link US Sales to Defendants	\$22,704	Exhibit 2
Vodanet Sales to Defendants	\$4,279	Exhibit 3
Cisco Tested Products	\$3,279	Exhibit 4
Defendants' Transceivers (100%)	\$166,058	Exhibit 5c
No Vendor Identified (100%)	\$139,330	Exhibit 6c
Total	\$335,651	

K&F Associates Profit & Loss

	2015		2016		2017		2018		2019		Total	Weighted Average
41000 · Product Income												
41120 · Cisco Products	\$1,122,735	28.4%	\$790,533	25.0%	\$812,264	25.8%	\$782,508	31.8%	\$119,850	7.8%	\$3,627,890	25.4%
Total Net Income	\$3,954,066	100.0%	\$3,157,705	100.0%	\$3,142,418	100.0%	\$2,460,478	100.0%	\$1,544,398	100.0%	\$14,259,064	100.0%
Cost of Goods Sold												
50000 · Cost of Goods Sold												
51120 · Cisco Products	\$758,767	19.2%	\$552,075	17.5%	\$639,987	20.4%	\$614,558	25.0%	\$85,061	5.5%	\$2,650,448	18.6%
Total COGS	\$2,948,669	74.6%	\$2,556,161	80.9%	\$2,480,866	78.9%	\$1,991,681	80.9%	\$1,213,330	78.6%	\$11,190,707	78.5%
Gross Profit	\$1,005,397	25.4%	\$601,544	19.1%	\$661,552	21.1%	\$468,796	19.1%	\$331,068	21.4%		0.0%
Cisco Products COGS as % of Cisco Products Income	67.6%		69.8%		78.8%		78.5%		71.0%		73.1%	
Expense												
61000 · Bad Debts Expense		0.0%	\$1,513	0.0%		0.0%		0.0%	\$17,095	1.1%	\$18,608	0.1%
66900 · Reconciliation Discrepancies		0.0%		0.0%		0.0%		0.0%	-\$94,714	-6.1%	-\$94,714	-0.7%
69800 · Uncategorized Expenses		0.0%		0.0%		0.0%		0.0%	\$34	0.0%	\$34	0.0%
70000 · Admin		0.0%		0.0%		0.0%		0.0%		0.0%	\$0	0.0%
70100 · PayPal Fees	\$12,673	0.3%	\$15,840	0.5%	\$14,359	0.5%	\$14,858	0.6%	\$7,728	0.5%	\$65,457	0.5%
70300 · Rakuten Fees	\$2,421	0.1%	\$316	0.0%		0.0%		0.0%		0.0%	\$2,737	0.0%
70400 · Dues & Subscriptions	\$740	0.0%	\$740	0.0%	\$740	0.0%	\$740	0.0%		0.0%	\$2,960	0.0%
70500 · Bank Fee	\$1,013	0.0%	\$600	0.0%	\$470	0.0%	\$439	0.0%	\$33,132	2.1%	\$35,654	0.3%
70600 · Credit Card Fees	\$88,978	2.3%	\$73,405	2.3%	\$67,971	2.2%	\$47,630	1.9%	-\$17	0.0%	\$277,967	1.9%
70700 · eBay Fees	\$7,963	0.2%	\$11,530	0.4%	\$11,523	0.4%	\$8,559	0.3%	\$340	0.0%	\$39,916	0.3%
70710 · Amazon Fees	\$312	0.0%	\$942	0.0%	\$2,749	0.1%	\$53	0.0%	\$6,016	0.4%	\$10,073	0.1%
70800 · Office Expenses	\$158	0.0%		0.0%		0.0%		0.0%		0.0%	\$158	0.0%
70900 · Miscellaneous Fees	-\$565	0.0%		0.0%		0.0%		0.0%		0.0%	-\$565	0.0%
Total 70000 · Admin	\$113,693	2.9%	\$103,373	3.3%	\$97,812	3.1%	\$72,279	2.9%	\$47,199	3.1%	\$434,357	3.0%
72000 · Insurance Expense	\$1,082	0.0%		0.0%		0.0%		0.0%		0.0%	\$1,082	0.0%
73000 · Professional Fees												
73100 · Fees - Website DEV	\$191,700	4.8%	\$392,400	12.4%	\$554,400	17.6%	\$840,000	34.1%	\$231,600	15.0%	\$2,210,100	15.5%
73300 · K & F	\$30,000	0.8%	\$30,000	1.0%	\$30,000	1.0%	\$30,000	1.2%	\$28,750	1.9%	\$148,750	1.0%
73500 · Outside Services	\$5,040	0.1%		0.0%		0.0%		0.0%		0.0%	\$5,040	0.0%
73600 · Legal Fees		0.0%	\$175	0.0%		0.0%		0.0%		0.0%	\$175	0.0%
73650 · Accounting Fee		0.0%		0.0%		0.0%	\$2,650	0.1%		0.0%	\$2,650	0.0%
73000 · Professional Fees - Other	\$1,475	0.0%	\$130	0.0%		0.0%		0.0%		0.0%	\$1,605	0.0%
Total 73000 · Professional Fees	\$228,215	5.8%	\$422,705	13.4%	\$584,400	18.6%	\$872,650	35.5%	\$260,350	16.9%	\$2,368,320	16.6%
73700 · Telephone & Internet Exp.	\$3,690	0.1%	\$3,750	0.1%	\$3,750	0.1%	\$3,750	0.2%	\$5,618	0.4%	\$20,557	0.1%
75000 · Marketing/Advertising Expense	\$127,194	3.2%	\$141,681	4.5%	\$64,406	2.0%	\$69,351	2.8%	\$38,841	2.5%	\$441,472	3.1%
76000 · Business License Fee		0.0%		0.0%	\$948	0.0%	\$140	0.0%	\$178	0.0%	\$1,266	0.0%
95700 · FTB - State Tax		0.0%	\$6,000	0.2%	\$7,032	0.2%	\$8,534	0.3%	\$6,800	0.4%	\$28,366	0.2%
98000 · Suspense Account		0.0%		0.0%		0.0%	\$9,850	0.4%	-\$9,850	-0.6%	\$0	0.0%
Total Expense	\$473,874	12.0%	\$679,022	21.5%	\$758,348	24.1%	\$1,036,554	42.1%	\$271,550	17.6%	\$3,219,347	22.6%
Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income	12.0%		21.5%		24.1%		42.1%		16.5%		22.4%	

Notes: Expenses are computed as Percentage of Total Net Income.

Sources: K&F, P&L 2015 - 2019; Discussion with Roya Sadaghiani (CFO of ADSI), April 28, 2020.

Exhibit 1a
ADSI Inc.
Profit & Loss

	2015		2016		2017		2018		Apr. 2019		Total	Weighted Average
Total Net Income	\$25,597,750		\$22,968,660		\$22,042,611		\$16,442,441		\$3,162,743		\$90,214,205	
Expense												
Salaries - Others	\$927,784	3.6%	\$725,127	3.2%	\$629,764	2.9%	\$538,287	3.3%	\$121,562	3.8%	\$2,942,525	3.3%
Salaries - Officers	\$322,500	1.3%	\$300,000	1.3%	\$450,000	2.0%	\$275,000	1.7%	\$70,000	2.2%	\$1,417,500	1.6%
Employee Bonus	\$315,428	1.2%		0.0%		0.0%		0.0%		0.0%	\$315,428	0.3%
Commission	\$916,449	3.6%	\$458,787	2.0%	\$339,559	1.5%	\$59,738	0.4%		0.0%	\$1,774,534	2.0%
Compensation - Form 1099		0.0%		0.0%		0.0%		0.0%	\$7,500	0.2%	\$7,500	0.0%
Employee Benefits-Med/Den	\$94,334	0.4%	\$91,631	0.4%	\$73,151	0.3%	\$48,262	0.3%	\$6,181	0.2%	\$313,560	0.3%
Workers Compensation	\$26,129	0.1%	\$14,301	0.1%	\$13,982	0.1%	\$5,722	0.0%	\$2,561	0.1%	\$62,695	0.1%
Payroll Taxes	\$155,424	0.6%	\$113,230	0.5%	\$103,020	0.5%	\$70,131	0.4%	\$18,258	0.6%	\$460,064	0.5%
Advertising Expenses	\$1,660	0.0%	\$2,355	0.0%		0.0%		0.0%		0.0%	\$4,016	0.0%
Alarm & Security	\$1,927	0.0%	\$2,134	0.0%	\$1,603	0.0%	\$1,614	0.0%	\$808	0.0%	\$8,086	0.0%
Lease / Auto / Copy Machine	\$4,116	0.0%	\$3,749	0.0%	\$568	0.0%	\$567	0.0%	\$174	0.0%	\$9,174	0.0%
Automotive	\$16,267	0.1%	\$33,481	0.1%	\$21,234	0.1%	\$35,576	0.2%	\$16,914	0.5%	\$123,473	0.1%
Bad Debt Expense	\$18,539	0.1%	\$24,250	0.1%		0.0%		0.0%		0.0%	\$42,789	0.0%
Bank Service Charge	\$6,665	0.0%	\$8,108	0.0%	\$9,483	0.0%	\$7,333	0.0%	\$4,288	0.1%	\$35,877	0.0%
Cash Over/Short/Register		0.0%	\$9,480	0.0%		0.0%		0.0%		0.0%	\$9,480	0.0%
Consulting - Others	\$285,380	1.1%	\$735,068	3.2%	\$292,705	1.3%	\$33,874	0.2%	\$14,689	0.5%	\$1,361,717	1.5%
Employee Benefits-Bonus		0.0%		0.0%	\$156,500	0.7%		0.0%		0.0%	\$156,500	0.2%
Depreciation Expense	\$16,743	0.1%		0.0%		0.0%		0.0%		0.0%	\$16,743	0.0%
Donations	\$1,300	0.0%	\$259	0.0%	\$2,142	0.0%		0.0%		0.0%	\$3,701	0.0%
Dues & Subscriptions	\$34,131	0.1%	\$20,861	0.1%	\$976	0.0%	\$478	0.0%	\$301	0.0%	\$56,746	0.1%
Franchise Tax Expense		0.0%	\$45,297	0.2%	\$0	0.0%	\$800	0.0%	\$800	0.0%	\$46,897	0.1%
Heat/Electricity/Water/Other	\$17,354	0.1%	\$17,729	0.1%	\$17,940	0.1%	\$15,683	0.1%	\$3,306	0.1%	\$72,012	0.1%
Sales/Marketing Expense	\$101,188	0.4%	\$66,288	0.3%	\$51,281	0.2%	\$38,931	0.2%	\$4,483	0.1%	\$262,171	0.3%
Insurance Auto	\$27,715	0.1%	\$17,030	0.1%	\$12,674	0.1%	\$19,662	0.1%	\$6,587	0.2%	\$83,667	0.1%
Insurance Employee H/L, D		0.0%		0.0%	\$18,900	0.1%	\$23,024	0.1%	\$996	0.0%	\$42,920	0.0%
Insurance General	\$11,760	0.0%	\$32,587	0.1%	\$10,536	0.0%	\$9,300	0.1%	\$324	0.0%	\$64,508	0.1%
Insurance Worker's Comp		0.0%	\$488	0.0%		0.0%	\$82,497	0.5%		0.0%	\$82,986	0.1%
Interest Expense	\$57,818	0.2%	\$93,387	0.4%	\$90,572	0.4%		0.0%	\$24,543	0.8%	\$266,319	0.3%
Licenses	\$5,737	0.0%	\$1,018	0.0%		0.0%		0.0%		0.0%	\$6,755	0.0%
Maintenance & Repairs	\$7,253	0.0%	\$8,275	0.0%	\$4,596	0.0%	\$4,656	0.0%	\$1,401	0.0%	\$26,180	0.0%
Meals & Entertainment	\$27,314	0.1%	\$53,795	0.2%	\$27,299	0.1%	\$28,773	0.2%	\$7,347	0.2%	\$144,527	0.2%
Miscellaneous Expense	\$120	0.0%	\$2,550	0.0%		0.0%		0.0%		0.0%	\$2,670	0.0%
Office Supplies & Expense	\$77,086	0.3%	\$74,441	0.3%	\$73,868	0.3%	\$41,619	0.3%	\$16,207	0.5%	\$283,221	0.3%
Personal Property Taxes	\$31,442	0.1%	\$31,565	0.1%	\$34,477	0.2%	\$36,776	0.2%	\$18,144	0.6%	\$152,404	0.2%
Penalties	\$63	0.0%	\$677	0.0%		0.0%		0.0%		0.0%	\$740	0.0%
Postage	\$200	0.0%	\$251	0.0%	\$168	0.0%	\$50	0.0%	\$100	0.0%	\$769	0.0%
Professional Fees / Account	\$12,000	0.0%	\$14,560	0.1%	\$14,984	0.1%	\$24,778	0.2%		0.0%	\$66,322	0.1%
Professional Fees / Legal	\$210,307	0.8%	-\$25,000	-0.1%	\$148,680	0.7%	\$247,856	1.5%	-\$47,642	-1.5%	\$534,201	0.6%
Professional Fees / Other	\$23,448	0.1%	\$2,613	0.0%	\$7,933	0.0%	\$1,150	0.0%	\$30	0.0%	\$35,174	0.0%
Promotion		0.0%	\$9,442	0.0%	\$1,203	0.0%		0.0%		0.0%	\$10,645	0.0%
Rent	\$300,000	1.2%	\$300,000	1.3%	\$300,000	1.4%	\$275,000	1.7%	\$36,000	1.1%	\$1,211,000	1.3%
Supplies/Stationary/Shipping	\$428	0.0%	\$0	0.0%		0.0%		0.0%	\$23	0.0%	\$451	0.0%
Telephone & Internet	\$18,777	0.1%	\$30,420	0.1%	\$24,989	0.1%	\$21,522	0.1%	\$12,233	0.4%	\$107,941	0.1%
Taxes & Licenses	\$18,783	0.1%	\$6,849	0.0%	\$95	0.0%		0.0%		0.0%	\$25,727	0.0%
Travel Expenses/Convent	\$23,022	0.1%	\$25,299	0.1%	\$41,615	0.2%	\$34,683	0.2%	\$15,046	0.5%	\$139,666	0.2%
Travel/Other	\$1,116	0.0%	\$7,285	0.0%	\$7,034	0.0%	\$4,351	0.0%	\$134	0.0%	\$19,920	0.0%
Website Development & Maint.	\$59,347	0.2%	\$13,580	0.1%	\$3,757	0.0%	\$3,154	0.0%	\$6,280	0.2%	\$86,118	0.1%
Janitorial Expense	\$16,012	0.1%	\$16,297	0.1%	\$17,970	0.1%	\$15,549	0.1%	\$5,225	0.2%	\$71,053	0.1%
IT Expenses		0.0%		0.0%	\$39,545	0.2%	\$58,009	0.4%	\$25,801	0.8%	\$123,354	0.1%
Sales Tax Expense	\$19	0.0%		0.0%		0.0%		0.0%		0.0%	\$19	0.0%
Total Expenses	\$4,193,086	16.4%	\$3,389,544	14.8%	\$3,044,802	13.8%	\$2,064,406	12.6%	\$400,606	12.7%	\$13,092,444	14.5%
Costs Incurred in Connection with Alleged Infringing Sales As a % of Total Net Income												
		16.3%		14.7%		13.8%		12.6%		12.7%		14.5%

Notes: Expenses are computed as Percentage of Total Net Income.

Source: Advanced Digital Solutions Inc., P&L 2015 - Apr. 2019; Discussion with Roya Sadaghiani (CFO of ADSI), April 28, 2020.

Exhibit 2
Adjustment to Regan's Schedule 2c
Defendants' Profits - Link Sales to Defendants

Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[1]	\$4,951	\$1,051	\$2,798	\$14,167	\$3,462	\$26,429
ADSI	[1]	\$15,944	\$13,343	\$27,772	\$8,205	\$0	\$65,264
Total		\$20,895	\$14,394	\$30,570	\$22,372	\$3,462	\$91,693

Costs of Goods Sold							
Company		2015	2016	2017	2018	2019	Total
K&F	[2]	\$3,346	\$734	\$2,205	\$11,126	\$2,457	\$19,868
ADSI	[1]	\$5,277	\$6,221	\$11,068	\$3,610	\$0	\$26,176
Total		\$8,623	\$6,955	\$13,273	\$14,736	\$2,457	\$46,044

Gross Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[3]	\$1,605	\$317	\$593	\$3,041	\$1,005	\$6,561
ADSI	[3]	\$10,667	\$7,122	\$16,704	\$4,595	\$0	\$39,088
Total		\$12,272	\$7,439	\$17,297	\$7,636	\$1,005	\$45,649

Costs Incurred in Connection with Alleged Infringing Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[4]	\$593	\$225	\$675	\$5,968	\$570	\$8,033
ADSI	[5]	\$2,601	\$1,047	\$2,307	\$577	\$0	\$6,533
Total		\$3,195	\$1,273	\$2,983	\$6,545	\$570	\$14,565

Probabilistic Counterfeit [1]	73%
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Estimated Net Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[6]	\$739	\$67	(\$60)	(\$2,138)	\$317	(\$1,075)
ADSI	[6]	\$5,892	\$4,437	\$10,516	\$2,935	\$0	\$23,779
Total		\$6,630	\$4,504	\$10,456	\$797	\$317	\$22,704

Notes & Sources:

[1] See Regan Report, Schedule 2c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income. See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1a.

[6] = (Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales) x Probabilistic Counterfeit %.

Exhibit 3
Adjustment to Regan's Schedule 3c
Defendants' Profits - Vodanet Sales to Defendants

Sales						
Company		2016	2017	2018	2019	Total
K&F	[1]	\$14,035	\$66,559	\$101,482	\$688	\$182,764
ADSI	[1]	\$180,360	\$46,307	\$18,458	\$0	\$245,125
Total		\$194,395	\$112,866	\$119,940	\$688	\$427,889

Costs of Goods Sold						
Company		2016	2017	2018	2019	Total
K&F	[2]	\$9,801	\$52,442	\$79,701	\$488	\$142,433
ADSI	[1]	\$141,008	\$36,410	\$18,425	\$0	\$195,843
Total		\$150,809	\$88,852	\$98,126	\$488	\$338,276

Gross Profits						
Company		2016	2017	2018	2019	Total
K&F	[3]	\$4,234	\$14,117	\$21,781	\$200	\$40,331
ADSI	[3]	\$39,352	\$9,897	\$33	\$0	\$49,282
Total		\$43,586	\$24,014	\$21,814	\$200	\$89,613

Costs Incurred in Connection with Alleged Infringing Sales						
Company		2016	2017	2018	2019	Total
K&F	[4]	\$3,011	\$16,062	\$42,752	\$113	\$61,940
ADSI	[5]	\$5,787	\$1,367	\$4	\$0	\$7,158
Total		\$8,798	\$17,430	\$42,757	\$113	\$69,097

Probabilistic Counterfeit [1]	21%
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Estimated Net Profits						
Company		2016	2017	2018	2019	Total
K&F	[6]	\$255	(\$406)	(\$4,374)	\$18	(\$4,507)
ADSI	[6]	\$7,001	\$1,779	\$6	\$0	\$8,786
Total		\$7,256	\$1,373	(\$4,368)	\$18	\$4,279

Notes & Sources:

[1] See Regan Report, Schedule 3c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income. See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income.

See Exhibit 1a.

[6] = (Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales) x Probabilistic Counterfeit %.

Exhibit 4
Adjustment to Regan's Schedule 4c
Defendants' Profits - Cisco Tested Products

Sales					
Company		Tested by Cisco Non-Genuine	Tested By Cisco 80% Non-Genuine	Tested By Cisco 50% Non-Genuine	Total
K&F	[1]	\$25,780	\$7,700	\$3,090	\$36,570
ADSI	[1]	\$2,260	\$0	\$0	\$2,260
Total		\$28,040	\$7,700	\$3,090	\$38,830

Costs of Goods Sold					
Company		Tested by Cisco Non-Genuine	Tested By Cisco 80% Non-Genuine	Tested By Cisco 50% Non-Genuine	Total
K&F	[2]	\$18,834	\$5,625	\$2,257	\$26,717
ADSI	[1]	\$348	\$0	\$0	\$348
Total		\$19,182	\$5,625	\$2,257	\$27,065

Gross Profits					
Company		Tested by Cisco Non-Genuine	Tested By Cisco 80% Non-Genuine	Tested By Cisco 50% Non-Genuine	Total
K&F	[3]	\$6,946	\$2,075	\$833	\$9,853
ADSI	[3]	\$1,912	\$0	\$0	\$1,912
Total		\$8,858	\$2,075	\$833	\$11,765

Costs Incurred in Connection with Alleged Infringing Sales					
Company		Tested by Cisco Non-Genuine	Tested By Cisco 80% Non-Genuine	Tested By Cisco 50% Non-Genuine	Total
K&F	[4]	\$5,787	\$1,728	\$694	\$8,209
ADSI	[5]	\$277	\$0	\$0	\$277
Total		\$6,064	\$1,728	\$694	\$8,486

Estimated Net Profits					
Company		Tested by Cisco Non-Genuine	Tested By Cisco 80% Non-Genuine	Tested By Cisco 50% Non-Genuine	Total
K&F	[6]	\$1,159	\$346	\$139	\$1,644
ADSI	[6]	\$1,635	\$0	\$0	\$1,635
Total		\$2,794	\$346	\$139	\$3,279

Notes & Sources:

[1] See Regan Report, Schedule 4c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income (Weighted Average). See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income (Weighted Average). See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income (Weighted Average). See Exhibit 1a.

[6] = Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales.

Exhibit 5
Adjustment to Regan's Schedule 5c (Weighted Avg)
Defendants' Profits - Defendants' Transceivers

Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[1]	\$710,203	\$448,633	\$243,396	\$189,914	\$9,476	\$1,601,622
ADSI	[1]	\$18,430	\$59,823	\$20,736	\$40,807	\$0	\$139,796
Total		\$728,633	\$508,456	\$264,132	\$230,721	\$9,476	\$1,741,418

Costs of Goods Sold							
Company		2015	2016	2017	2018	2019	Total
K&F	[2]	\$479,970	\$313,306	\$191,773	\$149,153	\$6,725	\$1,140,927
ADSI	[1]	\$14,962	\$39,925	\$23,681	\$26,917	\$0	\$105,485
Total		\$494,932	\$353,231	\$215,454	\$176,070	\$6,725	\$1,246,412

Gross Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[3]	\$230,233	\$135,327	\$51,623	\$40,761	\$2,751	\$460,695
ADSI	[3]	\$3,468	\$19,898	(\$2,945)	\$13,890	\$0	\$34,311
Total		\$233,701	\$155,225	\$48,678	\$54,651	\$2,751	\$495,006

Costs Incurred in Connection with Alleged Infringing Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[4]	\$85,114	\$96,258	\$58,738	\$80,007	\$1,561	\$321,678
ADSI	[5]	\$3,007	\$2,926	(\$407)	\$1,744	\$0	\$7,270
Total		\$88,121	\$99,184	\$58,331	\$81,751	\$1,561	\$328,948

Probabilistic Counterfeit [6]	41%
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Estimated Net Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[7]	\$60,090	\$16,178	(\$2,946)	(\$16,251)	\$493	\$57,564
ADSI	[7]	\$191	\$7,028	(\$1,051)	\$5,029	\$0	\$11,197
Total		\$60,281	\$23,205	(\$3,997)	(\$11,221)	\$493	\$68,761

Notes & Sources:

[1] See Regan Report, Schedule 5c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income. See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1a.

[6] = Weighted Average Probabilistic Counterfeit % of Link US and Vodanet (See Regan Report, Schedules 2b, 3b).

[7] = (Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales) x Probabilistic Counterfeit %.

Exhibit 5a
Adjustment to Regan's Schedule 5c (Using Vodanet %)
Defendants' Profits - Defendants' Transceivers

Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[1]	\$710,203	\$448,633	\$243,396	\$189,914	\$9,476	\$1,601,622
ADSI	[1]	\$18,430	\$59,823	\$20,736	\$40,807	\$0	\$139,796
Total		\$728,633	\$508,456	\$264,132	\$230,721	\$9,476	\$1,741,418

Costs of Goods Sold							
Company		2015	2016	2017	2018	2019	Total
K&F	[2]	\$479,970	\$313,306	\$191,773	\$149,153	\$6,725	\$1,140,927
ADSI	[1]	\$14,962	\$39,925	\$23,681	\$26,917	\$0	\$105,485
Total		\$494,932	\$353,231	\$215,454	\$176,070	\$6,725	\$1,246,412

Gross Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[3]	\$230,233	\$135,327	\$51,623	\$40,761	\$2,751	\$460,695
ADSI	[3]	\$3,468	\$19,898	(\$2,945)	\$13,890	\$0	\$34,311
Total		\$233,701	\$155,225	\$48,678	\$54,651	\$2,751	\$495,006

Costs Incurred in Connection with Alleged Infringing Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[4]	\$85,114	\$96,258	\$58,738	\$80,007	\$1,561	\$321,678
ADSI	[5]	\$3,007	\$2,926	(\$407)	\$1,744	\$0	\$7,270
Total		\$88,121	\$99,184	\$58,331	\$81,751	\$1,561	\$328,948

Probabilistic Counterfeit [6]	21%
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Estimated Net Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[7]	\$30,268	\$8,149	(\$1,484)	(\$8,186)	\$248	\$28,995
ADSI	[7]	\$96	\$3,540	(\$529)	\$2,533	\$0	\$5,640
Total		\$30,364	\$11,689	(\$2,013)	(\$5,652)	\$248	\$34,636

Notes & Sources:

[1] See Regan Report, Schedule 5c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income. See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1a.

[6] = Probabilistic Counterfeit % of Vodanet (See Regan Report, Schedule 3b).

[7] = (Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales) x Probabilistic Counterfeit %.

Exhibit 5b
Adjustment to Regan's Schedule 5c (Using Link US %)
Defendants' Profits - Defendants' Transceivers

Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[1]	\$710,203	\$448,633	\$243,396	\$189,914	\$9,476	\$1,601,622
ADSI	[1]	\$18,430	\$59,823	\$20,736	\$40,807	\$0	\$139,796
Total		\$728,633	\$508,456	\$264,132	\$230,721	\$9,476	\$1,741,418

Costs of Goods Sold							
Company		2015	2016	2017	2018	2019	Total
K&F	[2]	\$479,970	\$313,306	\$191,773	\$149,153	\$6,725	\$1,140,927
ADSI	[1]	\$14,962	\$39,925	\$23,681	\$26,917	\$0	\$105,485
Total		\$494,932	\$353,231	\$215,454	\$176,070	\$6,725	\$1,246,412

Gross Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[3]	\$230,233	\$135,327	\$51,623	\$40,761	\$2,751	\$460,695
ADSI	[3]	\$3,468	\$19,898	(\$2,945)	\$13,890	\$0	\$34,311
Total		\$233,701	\$155,225	\$48,678	\$54,651	\$2,751	\$495,006

Costs Incurred in Connection with Alleged Infringing Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[4]	\$85,114	\$96,258	\$58,738	\$80,007	\$1,561	\$321,678
ADSI	[5]	\$3,007	\$2,926	(\$407)	\$1,744	\$0	\$7,270
Total		\$88,121	\$99,184	\$58,331	\$81,751	\$1,561	\$328,948

Probabilistic Counterfeit [6]	73%
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Estimated Net Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[7]	\$106,000	\$28,537	(\$5,197)	(\$28,666)	\$869	\$101,543
ADSI	[7]	\$337	\$12,397	(\$1,854)	\$8,872	\$0	\$19,752
Total		\$106,337	\$40,934	(\$7,051)	(\$19,795)	\$869	\$121,294

Notes & Sources:

[1] See Regan Report, Schedule 5c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income. See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1a.

[6] = Probabilistic Counterfeit % of Link US (See Regan Report, Schedule 2b).

[7] = (Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales) x Probabilistic Counterfeit %.

Exhibit 5c
Adjustment to Regan's Schedule 5c (Using 100%)
Defendants' Profits - Defendants' Transceivers

Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[1]	\$710,203	\$448,633	\$243,396	\$189,914	\$9,476	\$1,601,622
ADSI	[1]	\$18,430	\$59,823	\$20,736	\$40,807	\$0	\$139,796
Total		\$728,633	\$508,456	\$264,132	\$230,721	\$9,476	\$1,741,418

Costs of Goods Sold							
Company		2015	2016	2017	2018	2019	Total
K&F	[2]	\$479,970	\$313,306	\$191,773	\$149,153	\$6,725	\$1,140,927
ADSI	[1]	\$14,962	\$39,925	\$23,681	\$26,917	\$0	\$105,485
Total		\$494,932	\$353,231	\$215,454	\$176,070	\$6,725	\$1,246,412

Gross Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[3]	\$230,233	\$135,327	\$51,623	\$40,761	\$2,751	\$460,695
ADSI	[3]	\$3,468	\$19,898	(\$2,945)	\$13,890	\$0	\$34,311
Total		\$233,701	\$155,225	\$48,678	\$54,651	\$2,751	\$495,006

Costs Incurred in Connection with Alleged Infringing Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[4]	\$85,114	\$96,258	\$58,738	\$80,007	\$1,561	\$321,678
ADSI	[5]	\$3,007	\$2,926	(\$407)	\$1,744	\$0	\$7,270
Total		\$88,121	\$99,184	\$58,331	\$81,751	\$1,561	\$328,948

Probabilistic Counterfeit [6]	100%
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Estimated Net Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[7]	\$145,119	\$39,069	(\$7,115)	(\$39,246)	\$1,190	\$139,017
ADSI	[7]	\$461	\$16,972	(\$2,538)	\$12,146	\$0	\$27,041
Total		\$145,580	\$56,041	(\$9,653)	(\$27,100)	\$1,190	\$166,058

Notes & Sources:

[1] See Regan Report, Schedule 5c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income. See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1a.

[6] = Probabilistic Counterfeit % of 100% (See Regan Report, Schedule 5c).

[7] = (Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales) x Probabilistic Counterfeit %.

Exhibit 6
Adjustment to Regan's Schedule 6c (Weighted Avg)
Defendants' Profits - No Vendor Identified

Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[1]	\$402,124	\$139,821	\$495,070	\$485,124	\$39,822	\$1,561,961
ADSI	[1]	\$66,298	\$316,949	\$117,204	(\$21,962)	\$0	\$478,489
Total		\$468,422	\$456,770	\$612,274	\$463,162	\$39,822	\$2,040,450

Costs of Goods Sold							
Company		2015	2016	2017	2018	2019	Total
K&F	[2]	\$271,764	\$97,645	\$390,068	\$381,001	\$28,263	\$1,168,741
ADSI	[1]	\$62,379	\$179,650	\$60,562	(\$17,021)	\$0	\$285,570
Total		\$334,143	\$277,295	\$450,630	\$363,980	\$28,263	\$1,454,311

Gross Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[3]	\$130,360	\$42,176	\$105,002	\$104,123	\$11,559	\$393,220
ADSI	[3]	\$3,919	\$137,299	\$56,642	(\$4,941)	\$0	\$192,919
Total		\$134,279	\$179,475	\$161,644	\$99,182	\$11,559	\$586,139

Costs Incurred in Connection with Alleged Infringing Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[4]	\$48,192	\$30,000	\$119,473	\$204,374	\$6,560	\$408,600
ADSI	[5]	\$10,816	\$20,190	\$7,824	(\$620)	\$0	\$38,210
Total		\$59,009	\$50,189	\$127,298	\$203,753	\$6,560	\$446,809

Probabilistic Counterfeit [6]	41%
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Estimated Net Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[7]	\$34,024	\$5,042	(\$5,992)	(\$41,511)	\$2,070	(\$6,368)
ADSI	[7]	(\$2,856)	\$48,492	\$20,214	(\$1,789)	\$0	\$64,061
Total		\$31,168	\$53,534	\$14,222	(\$43,301)	\$2,070	\$57,693

Notes & Sources:

[1] See Regan Report, Schedule 6c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income. See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1a.

[6] = Weighted Average Probabilistic Counterfeit % of Link US and Vodanet (See Regan Report, Schedules 2b, 3b).

[7] = (Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales) x Probabilistic Counterfeit %.

Exhibit 6a
Adjustment to Regan's Schedule 6c (Using Vodanet %)
Defendants' Profits - No Vendor Identified

Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[1]	\$402,124	\$139,821	\$495,070	\$485,124	\$39,822	\$1,561,961
ADSI	[1]	\$66,298	\$316,949	\$117,204	(\$21,962)	\$0	\$478,489
Total		\$468,422	\$456,770	\$612,274	\$463,162	\$39,822	\$2,040,450

Costs of Goods Sold							
Company		2015	2016	2017	2018	2019	Total
K&F	[2]	\$271,764	\$97,645	\$390,068	\$381,001	\$28,263	\$1,168,741
ADSI	[1]	\$62,379	\$179,650	\$60,562	(\$17,021)	\$0	\$285,570
Total		\$334,143	\$277,295	\$450,630	\$363,980	\$28,263	\$1,454,311

Gross Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[3]	\$130,360	\$42,176	\$105,002	\$104,123	\$11,559	\$393,220
ADSI	[3]	\$3,919	\$137,299	\$56,642	(\$4,941)	\$0	\$192,919
Total		\$134,279	\$179,475	\$161,644	\$99,182	\$11,559	\$586,139

Costs Incurred in Connection with Alleged Infringing Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[4]	\$48,192	\$30,000	\$119,473	\$204,374	\$6,560	\$408,600
ADSI	[5]	\$10,816	\$20,190	\$7,824	(\$620)	\$0	\$38,210
Total		\$59,009	\$50,189	\$127,298	\$203,753	\$6,560	\$446,809

Probabilistic Counterfeit [6]	21%
--------------------------------------	------------

Estimated Net Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[7]	\$17,138	\$2,540	(\$3,018)	(\$20,910)	\$1,043	(\$3,208)
ADSI	[7]	(\$1,439)	\$24,426	\$10,182	(\$901)	\$0	\$32,268
Total		\$15,700	\$26,966	\$7,164	(\$21,811)	\$1,043	\$29,061

Notes & Sources:

[1] See Regan Report, Schedule 6c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income. See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1a.

[6] = Probabilistic Counterfeit % of Vodanet (See Regan Report, Schedule 3b).

[7] = (Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales) x Probabilistic Counterfeit %.

Exhibit 6b
Adjustment to Regan's Schedule 6c (Using Link US %)
Defendants' Profits - No Vendor Identified

Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[1]	\$402,124	\$139,821	\$495,070	\$485,124	\$39,822	\$1,561,961
ADSI	[1]	\$66,298	\$316,949	\$117,204	(\$21,962)	\$0	\$478,489
Total		\$468,422	\$456,770	\$612,274	\$463,162	\$39,822	\$2,040,450

Costs of Goods Sold							
Company		2015	2016	2017	2018	2019	Total
K&F	[2]	\$271,764	\$97,645	\$390,068	\$381,001	\$28,263	\$1,168,741
ADSI	[1]	\$62,379	\$179,650	\$60,562	(\$17,021)	\$0	\$285,570
Total		\$334,143	\$277,295	\$450,630	\$363,980	\$28,263	\$1,454,311

Gross Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[3]	\$130,360	\$42,176	\$105,002	\$104,123	\$11,559	\$393,220
ADSI	[3]	\$3,919	\$137,299	\$56,642	(\$4,941)	\$0	\$192,919
Total		\$134,279	\$179,475	\$161,644	\$99,182	\$11,559	\$586,139

Costs Incurred in Connection with Alleged Infringing Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[4]	\$48,192	\$30,000	\$119,473	\$204,374	\$6,560	\$408,600
ADSI	[5]	\$10,816	\$20,190	\$7,824	(\$620)	\$0	\$38,210
Total		\$59,009	\$50,189	\$127,298	\$203,753	\$6,560	\$446,809

Probabilistic Counterfeit [6]	73%
--------------------------------------	------------

Estimated Net Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[7]	\$60,018	\$8,894	(\$10,570)	(\$73,227)	\$3,651	(\$11,234)
ADSI	[7]	(\$5,038)	\$85,541	\$35,658	(\$3,156)	\$0	\$113,005
Total		\$54,980	\$94,434	\$25,088	(\$76,383)	\$3,651	\$101,771

Notes & Sources:

[1] See Regan Report, Schedule 6c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income. See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1a.

[6] = Probabilistic Counterfeit % of Link US (See Regan Report, Schedule 2b).

[7] = (Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales) x Probabilistic Counterfeit %.

Exhibit 6c
Adjustment to Regan's Schedule 6c (Using 100%)
Defendants' Profits - No Vendor Identified

Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[1]	\$402,124	\$139,821	\$495,070	\$485,124	\$39,822	\$1,561,961
ADSI	[1]	\$66,298	\$316,949	\$117,204	(\$21,962)	\$0	\$478,489
Total		\$468,422	\$456,770	\$612,274	\$463,162	\$39,822	\$2,040,450

Costs of Goods Sold							
Company		2015	2016	2017	2018	2019	Total
K&F	[2]	\$271,764	\$97,645	\$390,068	\$381,001	\$28,263	\$1,168,741
ADSI	[1]	\$62,379	\$179,650	\$60,562	(\$17,021)	\$0	\$285,570
Total		\$334,143	\$277,295	\$450,630	\$363,980	\$28,263	\$1,454,311

Gross Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[3]	\$130,360	\$42,176	\$105,002	\$104,123	\$11,559	\$393,220
ADSI	[3]	\$3,919	\$137,299	\$56,642	(\$4,941)	\$0	\$192,919
Total		\$134,279	\$179,475	\$161,644	\$99,182	\$11,559	\$586,139

Costs Incurred in Connection with Alleged Infringing Sales							
Company		2015	2016	2017	2018	2019	Total
K&F	[4]	\$48,192	\$30,000	\$119,473	\$204,374	\$6,560	\$408,600
ADSI	[5]	\$10,816	\$20,190	\$7,824	(\$620)	\$0	\$38,210
Total		\$59,009	\$50,189	\$127,298	\$203,753	\$6,560	\$446,809

Probabilistic Counterfeit [6]	100%
--------------------------------------	-------------

Estimated Net Profits							
Company		2015	2016	2017	2018	2019	Total
K&F	[7]	\$82,168	\$12,176	(\$14,471)	(\$100,251)	\$4,999	(\$15,379)
ADSI	[7]	(\$6,897)	\$117,109	\$48,818	(\$4,321)	\$0	\$154,709
Total		\$75,271	\$129,286	\$34,346	(\$104,572)	\$4,999	\$139,330

Notes & Sources:

[1] See Regan Report, Schedule 6c.

[2] = Sales x Cisco Products COGS as % of Cisco Products Income. See Exhibit 1.

[3] = Sales - COGS

[4] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1.

[5] = Sales x Costs Incurred in Connection with Alleged Infringing Sales as % of Total Net Income. See Exhibit 1a.

[6] = Probabilistic Counterfeit % of 100% (See Regan Report, Schedule 6c).

[7] = (Gross Profits - Costs Incurred in Connection with Alleged Infringing Sales) x Probabilistic Counterfeit %.

JAMES McMANIS (40958)
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Attorneys for Defendant and Third Party Plaintiff
Advanced Digital Solutions International, Inc., and
Defendants PureFutureTech, LLC, K&F Associates, LLC,
Shahid Sheikh, Kamran Sheikh and Farhaad Sheikh

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

CISCO SYSTEMS, INC., a California
corporation, and CISCO TECHNOLOGY,
INC., a California corporation,

Plaintiffs,

v.

ZAHID “DONNY” HASSAN SHEIKH, an
individual; et al.,

Defendants.

ADVANCED DIGITAL SOLUTIONS
INTERNATIONAL, INC., a California
corporation,

Third-Party Plaintiff,

v.

RAHI SYSTEMS, INC., a California
corporation; et al.,

Third-Party Defendants.

Case No. 4:18-CV-07602-YGR

PROOF OF SERVICE

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF SANTA CLARA

I am employed in the County of Santa Clara, State of California. I am over the age of 18 and not a party to the within action; my business address is 50 West San Fernando Street, 10th Floor, San Jose, California 95113. My email address is: aparkhurst@mcmanislaw.com.

On May 1, 2020, I served true copies of the following document(s) described as:

EXPERT REBUTTAL REPORT OF RUSSELL W. MANGUM III, PH.D.

on the interested parties in this action as follows:

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(ELECTRONIC MAIL)

Based on a court order or an agreement of the parties to accept service by email or electronic transmission, I caused the documents to be sent to the persons at the e-mail addresses listed on the above service list.



(FEDERAL)

I declare under penalty of perjury under the laws of the United States of America that the above is true and correct.

Executed on May 1, 2020, at San Jose, California.

/s/ Andrew Parkhurst
Andrew Parkhurst

EXHIBIT H

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

OAKLAND DIVISION

CISCO SYSTEMS, INC., a)
California corporation, and)
CISCO TECHNOLOGY, INC., a)
California corporation,)

Plaintiffs,)

-vs-)

ZAHID "DONNY" HASSAN SHEIKH,)
an individual, et al.,)

Defendants.)

Case No:

ADVANCED DIGITAL SOLUTIONS)
INTERNATIONAL, INC., a)
California corporation,)

4:18-CV-07602-YGR

Third-Party Plaintiff,)

-vs-)

RAHI SYSTEMS, INC., a)
California corporation,)
et al.,)

Third-Party Defendants.)

REMOTE DEPOSITION OF GREG J. REGAN, CPA

CONFIDENTIAL

May 7, 2020

Reported by:

ANNE M. TORREANO, RPR, CCRR, CLR, CSR No. 10520

JOB NO. 179816

1 A. It's common for a risk matrix to stratify
2 risk into subgroupings.

3 Q. And in the past when you've looked at those
4 risk scoring models' outputs, like the one we see
5 here in 2f, you typically see that the high risk
6 percentage is greater than the medium risk
7 percentage; is that correct?

8 A. I think that that's a common outcome.

9 Q. And so when you look at this schedule here,
10 2f, and you saw, for transceivers, that the high
11 risk was higher than the medium risk, what was your
12 first thought?

13 ATTORNEY NELSON: Objection. Misstates.

14 THE WITNESS: I could be incorrect, but I
15 think you stated that backwards.

16 BY ATTORNEY PARKHURST:

17 Q. Okay. So my understanding is, if you look
18 at column 2, if you go from transceivers and trace
19 to the right, it says high risk is 73.7, medium risk
20 is 95.3; is that correct?

21 A. Yes.

22 Q. So then if you go to the column that states
23 "Applied Non-Genuine," you adjusted the medium risk
24 to say 73.7 instead of 95.3; is that correct?

25 A. That's right.

1 Q. And we've been talking about why you made
2 that adjustment just now; is that correct?

3 A. Yes.

4 Q. And so when you took the 95.3 and made it
5 73.7, what prompted you to make that decision?

6 A. I think I've already answered this
7 question.

8 So this to me exhibited some uncertainty
9 with respect to the medium-risk population, that in
10 my view and experience that I would expect it to be
11 at or equal -- excuse me, at or below the high-risk
12 population. And I look to the next greatest
13 population of products, for example, the switches,
14 where there is a decreasing percentage of the
15 population that are non-genuine where the product is
16 categorized as medium risk, and I made an adjustment
17 so that the amount of damages was decreased to
18 reflect a similar trend in expectation.

19 Q. Okay. So when you first saw the
20 transceivers and it says 73.7 for high risk, 95.3
21 for medium risk, that gave you cause for concern.
22 Is that fair to say?

23 ATTORNEY NELSON: Objection. Outside the
24 scope.

25 THE WITNESS: What I described it as is

1 REPORTER'S CERTIFICATE

2 I, Anne Torreano, Certified Shorthand
3 Reporter licensed in the State of California,
4 License No. 10520, hereby certify that the deponent
5 was by me first duly sworn, and the foregoing
6 transcript is a true and correct record of the
7 testimony given; that said testimony was taken by me
8 stenographically and thereafter reduced to
9 typewriting under my direction; and that reading and
10 signing was [] requested [X] not requested.

11 I further certify that I am not a relative
12 or employee of a party or an employee of an attorney
13 or agent of a party, or interested, directly or
14 indirectly, in the proceeding either as counsel,
15 attorney, agent, or otherwise.

16 The dismantling, unsealing, or unbinding
17 of the original transcript will render the
18 reporter's certificates null and void.

19 In witness whereof, I have subscribed my
20 name this 19th day of May, 2020.

21
22
23
24 
25 ANNE M. TORREANO, CSR No. 10520

EXHIBIT I

To: Kenny Carter (kenncart)[kenncart@cisco.com]; Tim Casto (tcasto)[tcasto@cisco.com]; Reggie Harris (regharri)[regharri@cisco.com]; Kara Kaiser (kakaiser)[kakaiser@cisco.com]
Cc: Shelly Wight (swight)[swight@cisco.com]
From: Steve O'Bryan (stobryan)
Sent: 2016-10-21T10:52:28-04:00
Importance: Normal
Subject: RE: IT Devices Online
Received: 2016-10-21T10:52:30-04:00

I don't think they are.....

I did send a nicely articulated "concern email" to the customer this morning. He responded with a little back tracking as to why they were talking with them, so I think we might be over the hump on this one. Really appreciate your data and email verbiage in a timely fashion.

Thanks.....
Steve



Steve OBryan
ACCOUNT MANAGER
stobryan@cisco.com
Phone: 513-697-2221 SNR



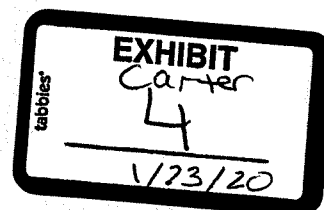
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http://www.cisco.com/web/about/doing_business/legal/crl/index.html

From: Kenny Carter (kenncart)
Sent: Friday, October 21, 2016 9:37 AM
To: Tim Casto (tcasto); Steve O'Bryan (stobryan); Reggie Harris (regharri); Kara Kaiser (kakaiser)
Cc: Shelly Wight (swight)
Subject: RE: IT Devices Online

Hi Tim:



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CISCO00000758

Thank you the assistance on this one.

Hi Steve:

Your assumption is correct. IT Devices Online (aka Enterprise Technology Solutions) is not an authorized reseller of Cisco. Let me know if IT Devices Online is telling the customer that they an authorized source.

Regards,

Kenny

From: Tim Casto (tcasto)
Sent: Thursday, October 20, 2016 6:48 PM
To: Steve O'Bryan (stobryan) <stobryan@cisco.com>; Reggie Harris (regharri) <regharri@cisco.com>; Kara Kaiser (kakaizer) <kakaizer@cisco.com>; Kenny Carter (kenncart) <kenncart@cisco.com>
Cc: Shelly Wight (swight) <swight@cisco.com>
Subject: Re: IT Devices Online

Glad to help! Let us know if there is anything else we can do to help.

Tim Casto
Cisco Brand Protection
tcasto@cisco.com
Tel: +1 408 527 5827

From: "Steve O'Bryan (stobryan)" <stobryan@cisco.com>
Date: Thursday, October 20, 2016 at 3:37 PM
To: Tim Casto <tcasto@cisco.com>, "Reggie Harris (regharri)" <regharri@cisco.com>, "Kara Kaiser (kakaizer)" <kakaizer@cisco.com>, "Kenny Carter (kenncart)" <kenncart@cisco.com>
Cc: "Shelly Wight (swight)" <swight@cisco.com>
Subject: RE: IT Devices Online

Perfect, thank you. I have some of this stuff already in a letter I send out when confronted with this, but you have given me some newer verbiage. Mostly I needed confirmation on this company in specific and you have answered that question..... they are a grey marketer. I couldn't find them in the partner locator, but wanted confirmation before I sent something to the customer that might be inaccurate.

Thanks.....
Steve



Steve OBryan
ACCOUNT MANAGER
stobryan@cisco.com
Phone: 513-697-2221 SNR



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For corporate legal information go to
http://www.cisco.com/web/about/doing_business/legal/crl/index.html

From: Tim Casto (tcasto)
Sent: Thursday, October 20, 2016 6:32 PM
To: Steve O'Bryan (stobryan); Reggie Harris (regharri); Kara Kaiser (kakaiser); Kenny Carter (kenncart)
Cc: Shelly Wight (swight)
Subject: Re: IT Devices Online

Hi Steve,

Please feel free to share the below language with your customer regarding IT Devices Online.

Let us know if you have any questions.

Best regards,

Tim

Regardless of what IT Devices Online claims, and regardless of whether their Cisco product is used or is in new sealed boxes, ANY Cisco product they supply is considered unauthorized.

1. Unauthorized product is not eligible for any Cisco OEM warranty
2. Unauthorized product is not automatically eligible for SMARTnet
3. Unauthorized product does not have a valid software license.

IT Devices Online is NOT a member of the Cisco Authorized Reseller Program.

For a detailed list of authorized Cisco Channel Partners, please refer

to <http://www.cisco.com/go/partnerlocator>.

The following policy statement applies, whether the product is used or is in new, unopened and sealed boxes.

When products are not sold through Cisco's authorized sales channels, Cisco can offer no assurance as to the provenance and quality of those products. Additionally, when resellers resell Cisco products that have been sourced from outside of Cisco's authorized sales channels, those products do not come with a valid software license or hardware warranty and are not automatically eligible for a Cisco service support contract (such as SMARTnet maintenance).

With regard to used Cisco products, Cisco Refresh equipment (formerly CCRE) is the only used Cisco product offering that is authorized and supported by Cisco (without additional inspection, fees, or relicensing). Cisco Refresh equipment is sold with a full Cisco warranty and software license, and with the same Cisco service support options that new products have. Cisco Refresh is sold only through Cisco authorized partners.

An overview of Cisco's policy on this subject is as follows:

Licensing. When Cisco sells its products, software licenses (such as for Cisco IOS) are granted to the initial purchasers of those products. Cisco's policy is that software may not be transferred to any other purchaser of the product unless specifically authorized by Cisco. To the extent that Cisco believes a customer is not an initial purchaser—or if a customer expresses concern that it is not an initial purchaser—such issues will be promptly addressed and Cisco is committed to resolving all licensing issues that arise. In full, this policy is set forth on Cisco's website: http://www.cisco.com/en/US/prod/cisco_software_transfer_relicensing_policy.html.

Support Plans. Cisco products that are not purchased through Cisco's authorized sales channels are not automatically eligible for a Cisco service support contract. For Cisco products purchased outside Cisco's authorized sales channels that are genuine Cisco product, Cisco must still evaluate the product's eligibility to receive support services (i.e., to ensure that no changes have been made to the genuine Cisco hardware or software, and to confirm that the product still functions according to Cisco's specifications and customer expectations) and Cisco's policy is to charge an inspection fee for this evaluation. In full, this policy is set forth on Cisco's website: http://www.cisco.com/en/US/prod/hw_sw_relicensing_program.html.

Warranty. Cisco products are sold with warranties that inhere to the benefit of the initial purchaser. Cisco's policy is that warranties may not be transferred to any other purchaser of the product unless specifically authorized by Cisco. To the extent that Cisco believes a customer is not an initial purchaser—or if a customer expresses concern that it is not an initial purchaser—such issues will be promptly addressed and Cisco is committed to resolving all warranty issues that arise. In full, this policy is set forth on Cisco's website: http://www.cisco.com/en/US/products/prod_warranties_listing.html.

Cisco's policy on Third-Party Components is openly available. It is posted at: http://www.cisco.com/en/US/products/prod_warranties_item09186a00800b5594.html.

Doing business with Cisco

link: http://www.cisco.com/web/about/doing_business/authorized_sourcing.html

Tim Casto
Cisco Brand Protection
tcasto@cisco.com
Tel: +1 408 527 5827

From: "Steve O'Bryan (stobryan)" <stobryan@cisco.com>
Date: Thursday, October 20, 2016 at 3:27 PM
To: Tim Casto <tcasto@cisco.com>, "Reggie Harris (regharri)" <regharri@cisco.com>, "Kara Kaiser (kakaiser)" <kakaiser@cisco.com>, "Kenny Carter (kenncart)" <kenncart@cisco.com>
Cc: "Shelly Wight (swight)" <swight@cisco.com>
Subject: RE: IT Devices Online

Kenny:

Would love to get whatever data you have on these guys. I need to get some messaging to my customer tomorrow to ensure they don't pull the trigger on ordering from this company.

Thanks.....
Steve



Steve OBryan
ACCOUNT MANAGER
stobryan@cisco.com
Phone: 513-697-2221 SNR



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From: Tim Casto (tcasto)
Sent: Thursday, October 20, 2016 6:12 PM

To: Reggie Harris (regharri); Kara Kaiser (kakaiser); Kenny Carter (kenncart)
Cc: Steve O'Bryan (stobryan)
Subject: Re: IT Devices Online

Hi Reggie,

We are indeed aware of IT Devices Online. Adding our colleague Kenny Carter to this thread as he is the most knowledgeable about this company.

Just in terms of coverage (in the event one or two of us happen to be out of the office at the same time), it wouldn't hurt to send these types of requests to our mailer brandprotection-americas@cisco.com.

Thanks,

Tim

Tim Casto
Cisco Brand Protection
tcasto@cisco.com
Tel: +1 408 527 5827

From: "Reggie Harris (regharri)" <regharri@cisco.com>
Date: Thursday, October 20, 2016 at 3:00 PM
To: "Kara Kaiser (kakaiser)" <kakaiser@cisco.com>, Tim Casto <tcasto@cisco.com>
Cc: "Steve O'Bryan (stobryan)" <stobryan@cisco.com>
Subject: FW: IT Devices Online

Kara and Tim,

Sorry to forward this over this way. Is there someone I should be sending these types of requests to normally?

One of our reps (Steve O'Bryan, who is copied on this message), is running into a grey market situation we believe. Do we have any intel on IT Devices Online? Their website link is below.

Thanks,
Reggie

Reggie Harris :|:|:|. CISCO | Partner Account Manager | USPO | regharri@cisco.com | SNR: +1.513.697.2299 |

From: Steve O'Bryan <stobryan@cisco.com>
Date: Thursday, October 20, 2016 at 5:53 PM
To: "group.swight(mailer list)" <group.swight@cisco.com>
Cc: Reggie Harris <regharri@cisco.com>, Danielle Curran <dacurran@cisco.com>
Subject: IT Devices Online

Does anyone know anything about this company? They are some kind of grey marketer, but I haven't seen them before. They are smoking us on a deal right now.

EXHIBIT J

1 UNITED STATES DISTRICT COURT

2 NORTHERN DISTRICT OF CALIFORNIA

3 OAKLAND DIVISION

4 -----
5 CISCO SYSTEMS, INC., a
6 California corporation, et al.,

Case No:
4:18-cv-07602
YGR

Plaintiffs

7 vs.

8 ZAHID "DONNY" HASSAN SHEIKH,
9 an individual, et al.,

Defendants.

10 -----
11 ADVANCED DIGITAL SOLUTIONS
12 INTERNATIONAL, INC., a
California corporation,

Third-Party Plaintiff,

13 vs.

14 RAHI SYSTEMS, INC., a
15 California corporation, et al.,

Third-Party Defendants.

16 -----
17
18 TELECONFERENCE DEPOSITION OF ANITA SMITH

19 May 12, 2020

20
21
22
23
24 Reported by: Susan S. Klinger, RMR-CRR, CSR

25 Job No. 179868

1 A. I don't know.

2 Q. So for these three switches, who was
3 the vendor that was utilized to purchase them
4 from?

5 A. Dexon.

6 Q. Was that the first time you
7 purchased products from Dexon?

8 A. No, I purchased equipment from them
9 in the past.

10 Q. Do you know when you first purchased
11 equipment from them?

12 A. I do not know.

13 Q. Was it in the last five years?

14 A. It was within the five years.

15 Q. Could you estimate how regularly you
16 purchased products from them?

17 A. Well, we really don't buy a lot of
18 stuff all the time, so I do other vendors. He
19 is not the only vendor. I mean, based off of
20 what he has available and based on price, so
21 I'm not sure as far as how often I purchase
22 from him. I would have to go look at that
23 information.

24 Q. And do you have a list of approved
25 vendors that you buy from?

C E R T I F I C A T E

I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify:

That ANITA SMITH, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness.

I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd of May, 2020.



Susan S. Klinger,

RMR-CRR, CSR

Texas CSR# 6531

EXHIBIT K

1 ROUGH DRAFT TRANSCRIPT

2 VIDEOCONFERENCE DEPOSITION OF PAUL C. RICCOBENE

3 MAY 20, 2020

4 A realtime rough draft is unedited and
5 uncertified and may contain untranslated stenographic
6 symbols, incorrectly translated words, misspelled
7 proper names, nonsensical word combinations and an
8 occasional reporter's note. Any inaccuracies will be
9 corrected in the final certified transcript of
10 proceedings.

11 By acceptance of a rough draft of proceedings,
12 any party or counsel representing any party to the
13 action understands and agrees that the text of a rough
14 draft may not be quoted or cited in any subsequent
15 court or discovery proceeding, may not be used for
16 impeachment purposes and may not be distributed in any
17 form to any other person or entity.

18 Further, by acceptance of a rough draft of
19 proceedings, any party or counsel representing any
20 party to the action agrees to indemnify and hold
21 harmless the individual court reporter should the
22 final transcript differ in form or content from the
23 rough draft of the proceedings.

24 - - -
25

1 Q. And when you -- so how does that process
2 typically work. Do you tell them certain specific
3 circumstances that you need to meet or do you
4 provide them specific products that you're looking
5 for? Can you describe how that process works?

6 A. I will typically, when we are looking
7 for a specific product, I will contact -- usually
8 I will contact CDW. And if I'm not particularly
9 happy with the pricing that they give us, I will
10 look elsewhere sometimes.

11 Q. Why do you typically go to CDW first?

12 A. We probably purchase the vast majority
13 of our networking gear from them. We have used
14 them because we know their sales staff really well
15 and their pre-sales engineering staff, so we've
16 worked with them sometimes on specific solutions,
17 so we typically use them.

18 Q. So in this process, do you do any online
19 research to try and look at what the price of the
20 product you're looking for, that is out there?

21 A. Yes.

22 Q. And so what factors play into your
23 decision if CDW comes back with a quote and you
24 don't like the price you're getting, how do you
25 decide that price is too high and you want to look

1 elsewhere?

2 A. A lot of times its from experience, to
3 see what they've offered in the past, and if it's
4 increased, then we will typically look someplace
5 else.

6 Q. So you base it primarily on previous
7 quotes that they've given you for similar
8 products, is that fair to say?

9 A. Yes, that and just knowledge of knowing
10 what the average price of what a switch would be.

11 Q. And does Scripps have any process for
12 rejecting quotes if the price is too high?

13 A. Can you explain what you mean by
14 rejection of the quote.

15 Q. Yeah, maybe a little more clear, if you
16 were to get a quote from a VAR for a switch, for
17 example, and submit that to your purchasing
18 department, do they ever send it back and say this
19 is a too high price for that switch, please look
20 elsewhere.

21 A. I've personally never seen that.

22 Q. So in an instance where CDW is not
23 offering the price that you want, what do you
24 typically -- what factors do you go look for when
25 trying to by the a similar product from a

1 different VAR. Typically it would be price. We
2 would look at a similar or possibly an order model
3 Cisco switch and look for something will that's,
4 you know, lower price, that would meet a similar
5 level of performance that we like.

6 Q. When you say an older product, what
7 would constitute an older product?

8 A. That would be anything before the
9 Catalyst 9300 series, 92, 93, 9400 series.

10 Q. So there's instances where you're
11 looking for devices and the job that you need the
12 device to provide could be done by an older, not
13 new product, is that fair to say?

14 A. That's fair to say.

15 Q. Do you ever order a used product,
16 products that have been used before?

17 A. We typically call them refurbished, but,
18 yes.

19 Q. And how do you know that their
20 refurbished?

21 A. We'll specifically ask for a refurbished
22 switch.

23 Q. Okay. So there are times when you're
24 looking for replacement switches, where Scripps is
25 willing to use refurbished switches as opposed to

1 new switches, is that correct?

2 A. That's correct.

3 Q. What percentage would you say of the
4 switches that you've ordered have been refurbished
5 versus brand new?

6 A. I don't know if I could give you an
7 exact number. I mean, it could probably be -- it
8 would probably be right around 50 percent.

9 Q. What factors go into the consideration
10 of whether or not you need a new switch versus
11 whether a refurbished switch will do?

12 A. It can typically be does it match the
13 existing infrastructure that's already on site.
14 So if they already have like a previous generation
15 version of switches, we'll try to continue to
16 match that up, and sometimes, if they need to
17 expand something, it needs to be an identical
18 model.

19 Q. So does price play a consideration in
20 deciding whether or not to order a refurbished
21 switch versus a new switch?

22 A. Yes, the -- that is a part of it, for me
23 it is a part of it.

24 Q. And when you say for you, what do you
25 mean by for you?